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than the late



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The perfect gift for
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American Mary Lou Retton becomes the top women gymnast at the Los Angeles Olympics by winning the individual gold medal on Friday, narrowly surpassing the favoured Rumanian, Ecaterina Szabo. (Olympic stories — page 7)

Olympic officials defend handling of games

LOS ANGELES (AP). — Despite widespread criticism of excessive Americanization, the LA Olympics Organizing Committee describes the current Games as "successful beyond our wildest expectations" and terms the Soviet boycott of the games as a failure.

Commenting on the first week of the Games, chief press officer Richard Perelman said, "We have reason to be very pleased with the way it's going. Apart from a few minor glitches (problems), the whole thing has worked beautiful-

ly... Everyone told us ahead of time that it would fail."

A number of foreign sports officials have denounced the "Hollywood atmosphere" of the games and the alleged American-biased coverage of events by the ABC television network which brought exclusive rights to live coverage.

"You would get a certain amount of national bias in any country," Perelman said. So far, more than two million spectators have gone to see the various events, he noted.

The IOC has backed down from

complaints that television coverage of the Games is concentrating too much on American competitors.

After IOC leaders met Roone Arledge of ABC, which is paying \$225 m. to cover the games, the IOC "expressed its satisfaction" with the network's coverage.

Earlier, the committee had lodged a formal complaint about the American-orientated coverage of the Olympics, which it says threatens to diminish its "international flavour."

Lebanese amend security plan

BEIRUT. — The Lebanese Army has amended its plan to deploy in the mountains east of Beirut, removing aspects unacceptable to Druse chief Wajid Jumblatt, officials sources said yesterday.

Jumblatt and his Shiite Muslim ally Nabih Berri, both government ministers, rejected the original version at a heated cabinet meeting last Wednesday on the grounds that it favoured their Christian militia opponents.

Syrian mediation has persuaded all parties to approve the new proposals and the cabinet is expected to endorse them at a special session tomorrow, the sources said.

Vladimir Poliakov, head of the Middle East section of the Soviet Foreign Ministry, arrived on Friday for talks with Lebanese government leaders on Middle Eastern conflicts, an official statement said.

The Russian Embassy paid a two-day visit to Amman before coming to Beirut. He was scheduled to talk to senior officials of the Lebanese Foreign Ministry over the weekend, then meet with Prime Minister Rashid Karamah tomorrow.

The amended security plan envisages the army coming simultaneously into the Druse-held mountains southeast of Beirut and into Christian-held areas to the north-

east, the sources added.

Jumblatt complained that the original proposals covered only the Shouf and Aley areas, the strongholds of his Progressive Socialist Party militia.

The right-wing Christian "Lebanese Forces," the PSP's main rivals, would have retained their freedom of action in the north-eastern provinces of Kisrawan and Jbail, he said.

Under the amended version, the army would first deploy east along the Beirut-Damascus highway up to Syrian lines at the mountain town of Sofar and south along the main coast (Continued on Back Page)

More ships hit in Red Sea, Suez Gulf

BAHRAIN (Reuters). — North Yemen's navy was on alert after mysterious explosions hit merchant vessels off the country's main port of Hodeida, but shipping sources in the region said traffic was normal in the Red Sea.

At least nine merchant ships have been damaged by explosions in the Gulf of Suez and the Red Sea since July 27, Lloyds Shipping Intelligence in London reported.

Officials at Hodeida Port, contacted by telephone, confirmed yesterday that three merchant vessels had been hit over the past three days by "underwater blasts" off the North Yemen coast, sustaining minor damage.

They said two vessels, the 11,849-ton Greek motor vessel Kriti Coral and the 5,150-ton Turkish Morgul, one hit by a mine and the other by an explosion off the Yemeni coast on Thursday, had continued their journeys after minor repair at Hodeida.

The third, the 7,723-ton East German freighter Georg Shumann, reported to have been badly damaged by a mine on its way from the Ethiopian port of Assab to Port Sudan, had docked at Yemen's al-Mukka port 200 kilometres south of Hodeida, the officials said.

They said they had no information on a 1,579-ton Dutch-registered vessel, which Lloyds said had entered a minefield off Hodeida but had not been hit.

The North Yemeni Navy, meanwhile, intensified its patrols and anti-mine teams were on alert for possible (Continued on Back Page)

Peres choice seen today Nomination may be linked to unity gov't

By DAVID LANDAU
Post Diplomatic Correspondent

While Labour's Shimon Peres is considered likely to win President Herzog's nomination as premier-designate, there is speculation in political circles that the president may link the nomination to the quest for a unity government.

Herzog could do this in one of three ways, all unprecedented in Israel's short constitutional history:

- He could delay his nomination while the Labour-Likud unity talks continue. The Likud

hopes he will follow this course and thus "not prejudice" the outcome of the talks.

- He could inject his own prestige into the unity effort by meeting with Peres and Premier Yitzhak Shamir of the Likud and trying personally to nudge them into an agreement.

- He could give the initial nomination to Peres, as leader of the largest party, but attach to the mandate a circumscription — of moral, not legal force — that it is given to Peres in order to produce a unity government.

No new date set for national unity talks

By ROY ISACOWITZ
Jerusalem Post Reporter

TEL AVIV. — If Alignment leader Shimon Peres is chosen by President Chaim Herzog to form a government, he will formally invite Prime Minister Yitzhak Shamir to join negotiations for the establishment of an Alignment-led government of national unity. Labour Party sources said last night. The Alignment and the Likud held informal talks last week.

Herzog is expected to announce his decision today or tomorrow.

No date has been set for the resumption of national unity talks between the two sides. Two informal meetings were held at the King David Hotel in Jerusalem. The two parties have apparently agreed to defer a resumption until the president's choice is announced and formal negotiations can begin.

The Alignment spokesman yesterday attacked a suggestion emanating from the Likud that the president postpone his decision pending the outcome of the talks between the two parties. Both sides had agreed, he said, that there was absolutely no connection between last week's "exploratory talks" and the president's selection of a prime minister-designate.

The spokesman described the Likud suggestion as "serious and unprecedented." He said that it was an attempt to interfere with the authority of the president who alone can decide when to select and when to do so.

Labour sources described the Likud idea — along with another suggestion that the premiership be rotated between Shamir and Peres — as "acts of desperation." The feeling (Continued on Page 2, Col. 4)

IDF soldier buried

KIBBUTZ GESHER (Itim). — Tural Yuval Shalev, an IDF soldier killed in a grenade attack in Nabatiya last Thursday, was buried here on Friday, the day he was to have celebrated his 19th birthday.

He was the kibbutz's third fatality in the Lebanon war. Hundreds of kibbutz members and comrades in arms attended the funeral.

SLA soldier wounded in S. Lebanon attack

A soldier of the South Lebanese Army was wounded on Friday in a grenade attack on a SLA post in the village of Jbaa, 20 kilometres east of Sidon.

Yesterday, grenades were thrown at an SLA patrol in Sidon. No soldiers were hit but a local woman was wounded and hospitalized.

On Friday, IDF troops shut 50 shops in Nabatiya, following the Thursday attack on an IDF post in the town, in which one soldier was killed and another injured.

IDF sources yesterday denied reports from Beirut on Friday that three Israeli gunboats shelled a West Beirut beach after being fired upon by Lebanese Army soldiers. No such incident occurred, the sources said. (AP, Reuters)

Four killed on roads on Friday

Jerusalem Post Staff and Itim

Four people were killed and nine others injured, three of them seriously, in four accidents on Israel's roads Friday, while one was killed and four more were hurt, at least three of them seriously, in two accidents yesterday.

In the week ending Thursday night, 14 people were killed and 83 people seriously injured in 59 accidents on Israel's roads. Among the dead were five pedestrians. Two of them children, while 41 pedestrians, 18 of them children, were among the injured.

On Friday night, two members of Kibbutz Ayelet Hashahar were killed and four others lightly injured in the Upper Galilee. The two, Raz Lanzman and Ziv Cohen, both 19-year-old soldiers, and the four others were returning to the kibbutz from a party in two cars when both vehicles overturned, one hitting a tree. The cars were apparently racing each other and collided before overturning.

On Friday morning, Moshe Nani-kashvili, 37, of Beersheba, was killed and 28-year-old Aharon Kirashvili seriously injured when the car Kirashvili was driving went off the Arava road and overturned 30 kilometres north of Eilat.

Also Friday morning, 30-year-old Eliyasha Tzashili of Tirat Hacarmel was killed and two of his passengers lightly hurt when one of the car's (Continued on Page 2, Col. 2)



Former Likud finance minister Yigael Hurvitz (right) walks towards the presidential residence on Friday to tell President Chaim Herzog that his one-person faction has switched loyalties and prefers Shimon Peres as the next head of government. With him is number two on Hurvitz's list, former MK Zalman Shoval. (Rahamim Israeli)

Herzog ends consultations, more MKs prefer Peres

By JUDY SIEGEL
Jerusalem Post Reporter

President Chaim Herzog on Friday completed four days of marathon talks with leaders of 14 of the parties elected to the 11th Knesset. Most of them voiced overwhelming support for the immediate formation of a national unity government. More of them proposed that Labour Party chairman Shimon Peres do this than Prime Minister Yitzhak Shamir.

The first to arrive, at 9 a.m., was Aharon Abuhatzra on behalf of Tami. He told the president that a unity government must be formed as quickly as possible. He recalled that he had urged the establishment of a broad coalition from the Knesset podium 18 months ago. Tami did not, however, recommend to the president which MK to ask to form such a government.

Abuhatzra explained that the smaller parties should not, at this stage, decide who should head a unity government, because voicing their preference now could worsen the chances for a broad coalition. Asked by reporters why he, who had coordinated moves with Ezer Weizman earlier in the week, did not come out in favour of Peres, Abuhatzra said that they did not agree to coordinate their decisions on every issue.

Tami leaders were followed by Agudat Yisrael members, who had postponed their scheduled Thursday night meeting due to internal conflict over whom they would endorse for the prime minister's post. In the end, the Rabbe of Gur and Rabbi Eliezer

Schach of the Council of Torah Sages forced the party to support Shamir rather than Peres.

MK Rabbi Avraham Shapira told reporters outside Beit Hanassi that they endorsed the premier because Aguda had been partners with the Likud for seven years. "It was cooperation that was good; we had a good relationship." And we are taught to be loyal.

But by supporting Shamir, he continued, "we don't reject the Alignment. We prefer that the partnership continue, but we are not against the Alignment." Shapira has close ties with Labour Party leaders. Asked about a national unity government, MK Menahem Porush called it an ideal, but to be "practical," he added, small parties like those in the religious camp must be allowed to exercise the influence intended by their voters.

MK Yigael Hurvitz, the leader of Ometz and a former Likud finance minister, caused something of a surprise when he urged the president to ask Peres to form a national unity government to save the nation from its dire economic straits. Hurvitz, who like the Labour leader was once in the Rafi party, reasoned that the head of the largest party should be asked first, just as he had supported Begin to head the government after the last election.

The president's office has not yet stated when Herzog will make his decision upon whom to confer the opportunity to try to form a government. He may announce it early this week or possibly hold another round of talks with heads of the two largest parties before deciding.

U.S. advises Israel to cut defence spending

Jerusalem Post Correspondent
WASHINGTON. — The U.S. favours a 10-per-cent cut in Israel's defence budget and believes that it could be achieved without harming security through wise analysis of foreign purchase requirements and cautious financing methods.

In a memorandum submitted to the House of Representatives Foreign Affairs Committee last spring and released now, State Department experts also criticized Israel's social welfare system and the practice of dual exchange rates for foreign currency.

The experts estimated that advancing the entire U.S. foreign aid transfer to the first quarter of this year, instead of dividing it into four quarterly payments, added \$50 million to the American budget deficit.

Urgent economic measures 'can't wait for new coalition'

Jerusalem Post Reporter
The urgent steps needed to prevent a further deterioration of the economic situation cannot await the establishment of a new government. Bank of Israel Governor Moshe Mandelbaum told Israel Television news last night.

He said that the present transition government will not be able to avoid taking the necessary steps if negotiations for a new coalition take too long.

Mandelbaum was replying to criticism levelled against him in the Knesset Finance Committee last week. He was accused of covering up the true critical economic situation on the eve of the election and of failing to issue the requisite warnings prior to polling day although it was

eminently clear that there was a major rush to buy dollars.

The governor retorted that he had warned Knesset panel of the deteriorating state of the dollar reserves at the beginning of July and had predicted that in the state of uncertainty before the election, a large part of the public would be moved to buy up dollars.

He did not go public with these warnings, he said, because such publicity could have been even more harmful to the economy.

He said that a major devaluation of the shekel would be useless now. Such a step could be helpful only if it were part of a ramified economic retrenchment policy. Such a policy would have to bring a real reduction in the country's standard of living, he added.

Settlers shout down Kahane rally in Efrat

Jews and Arabs march against racism

Jerusalem Post Staff
UM AL-FAHM. — Over 5,000 Jews and Arabs staged a joint protest march here yesterday against newly-elected Knesset member Meir Kahane, the Kach leader who said that his first act after being sworn in would be to come to this Arab town and ask all the country's Arabs to leave.

In the West Bank, meanwhile, residents of the Gush Etzion town of Efrat demonstrated last night to protest the uninvited presence of Kahane, who arrived together with a busload of supporters from outside the area for a well-advertised rally.

Among the participants in the Umm al-Fahm rally were Knesset members Yossi Sarid, Mohammed Wattad, Yair Tzaban, Aharon Harel, and MK-elect Abdel Darousha of the Alignment; MK-elect Ran Cohen of CRM; MK Meir Wilner, Tawfik Toubi and Tawfik Zayad of DEPR; and MK-elect Mohammed M'ari of the Progressive List for Peace. Many of the marchers were members of nearby kibbutzim.

Participants were greeted with coffee and cold drinks at the entrance to Umm al-Fahm and they then marched to the town's football field. Protesters carried signs in Arabic, English and Hebrew denouncing Kahane's views as fascist and racist, and marchers chanted in Arabic:

"Kahane, get out, get out!"

One sign in Hebrew said "There is no place for Nazism in Israel" and another in English said "Kahane belongs in the Ramat Gan zoo."

Among the Jewish demonstrators was a group of U.S.-born Conservative rabbis, including Moshe Tutman, who said he had joined the protest because he wanted to show that not all American Jews who have immigrated here are like Kahane.

Referring to the lines of marchers in this town of 26,000 some 60 kilometres northeast of Tel Aviv, Tutman said it was "a healthy response to an unhealthy development in Israel. There are elements like Kahane in every society, but this is proof that in Israel, people are sensitive to it."

Some 30 religious Jews, including the rabbi, spent Friday night at Umm al-Fahm so as not to travel on the Sabbath, and were given special kosher dairy food by the Moslem townpeople.

News of Kahane's intention to come to Efrat angered and embarrassed settlers there last week; they consulted police and lawyers in an attempt to prevent the rally.

Moshe Moscovitz, chairman of the local council, said last night that he had informed Kahane's office last Wednesday that the racist rabbi was not welcome in the town and that he would not be allowed to use its public buildings.

"Kahane was invited by two individuals in Efrat, and it was clear that (Continued on Page 2, Col. 1)

Four Kach supporters to be charged today

TEL AVIV (Itim). — Four supporters of Kach leader Meir Kahane who are suspected of disorderly behaviour and disturbing the peace were released on IS100,000 bail each on Friday by the Tel Aviv Magistrate's Court.

The four — Elhanan Adir, of Haifa, Uriel Wahabi, of Rosh Ha'ayin, Yehuda Misk, of Jaffa, and Haim Yogeve, of Givatayim, all aged 30 — are suspected of trying to break up a

press conference by Arab villagers in Tel Aviv's Beit Sokolow last Wednesday. The four allegedly assaulted one of the participants, shouted and disturbed the proceedings.

The judge said that "there are not enough words to condemn the intolerance, ugliness and brutality accompanying... our public life." But he added that he saw no grounds for issuing a remand.

The weather at major Swissair destinations

	MIN.	MAX.	
AMSTERDAM	15	21	Cloudy
BRUSSELS	16	22	Clear
BUEENOS AIRES	4	26	Clear
CHICAGO	21	28	Clear
COPENHAGEN	16	22	Clear
FRANKFURT	16	22	Clear
GENEVE	12	24	Cloudy
HELSINKI	17	23	Clear
HONG KONG	25	32	Clear
JORDANESBURG	10	20	Clear
LONDON	17	23	Clear
LONDON	17	23	Clear
MADRID	12	24	Clear
MONTREAL	15	21	Clear
NEW YORK	15	21	Clear
OSLO	12	24	Cloudy
PARIS	12	24	Clear
SAO PAULO	15	21	Clear
STOCKHOLM	17	23	Clear
TOKYO	25	32	Clear
VIENNA	16	22	Clear
ZURICH	15	21	Cloudy

THE WEATHER

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Max
Jerusalem	24	16-27	29
Golan	24	17-30	30
Nahariya	24	16-27	29
Safed	24	16-27	29
Haifa Port	24	16-27	29
Tiberias	24	16-27	29
Nazareth	24	16-27	29
Afula	24	16-27	29
Shomron	24	16-27	29
Tel Aviv	24	16-27	29
B-G Airport	24	16-27	29
Jencho	24	16-27	29
Gaza	24	16-27	29
Be'er-Sheva	24	16-27	29
Eilat	24	16-27	29

3 young men drown off Nahariya beach

NAHARIYA (Itim). — Three young men on an organized outing from East Jerusalem to Nahariya drowned in the sea on Friday. Three others were saved after receiving artificial respiration.

The group went swimming near the Sokolow beach at a spot where there is no lifeguard. When police on duty on the beach saw that the young men were in trouble, they called for volunteers from among the bathers on the beach to rescue them. The police also summoned Magen David Adom ambulances from Nahariya and Acre.

The MDA intensive care unit in Western Galilee, which would normally be called in such cases, has not been functioning lately because of non-payment by the local authorities.

The three dead are: Halil Shitara, 18, and Abed al-Rahman Shehala, 18, both of Kalandia, and Isam Abu-Higah, 17, of Nablus.

Another young man suffering from epilepsy had a heart attack brought on by the excitement and was taken to hospital.

Coastal police rescued two youths from their sailboat which was adrift in the Haifa Bay yesterday afternoon.

Haig okayed contacts with PLO

WASHINGTON. — Indirect American negotiations with the Palestinian Liberation Organization were carried out in 1981-1982 with the approval of the secretary of state at the time Alexander Haig, the State Department has officially informed Congress.

In a written report submitted in February and now released, the secretary of state's adviser on Middle East affairs, Richard Murphy, said that Haig approved the effort to get the PLO to recognize Israel's right to exist and to agree to UN resolutions 242 and 338.

Explaining the opposition of the Reagan administration to an amendment to the foreign aid law which would forbid contacts with the PLO, Murphy said that the contacts with the PLO were complex and full of subtleties and any effort to enshrine them in legislation and take them out of the president's hands would damage the national interest.

Man gets year in jail for sexual offences

NAHARIYA (Itim). — A 27-year-old Nahariya man was sentenced to a year in jail on Friday for sexually molesting girls aged eight to 10 last April in the Nahariya area. The Acre Magistrate's Court also sentenced Yoel Rifkis to a one-year suspended sentence for a period of three years.

JEWES ARABS

(Continued from Page One) they would force their way into the buildings if we tried to prevent them. These buildings include a synagogue, and they cannot be locked," Moscovitz said.

While Kahane addressed his small crowd of supporters, over 100 people living in the town gathered outside, shouting slogans condemning his presence and his policies. Earlier, residents had been contacted by the local council and asked not to attend the Kahane rally.

In last month's election, Kahane won 15 votes in Efrat, still a small town. A local resident explained that these came from two large families and a number of students who were registered in the town for voting purposes.

HOME NEWS

NEWS BACKGROUND/Roy Isacowitz

Ferment in Histadrut over unity gov't

TEL AVIV. — The Histadrut is deeply concerned that a national unity government would adopt a policy of "necessary unemployment" as a means of healing the economy. Thus, while the labour organization's official line is that it will negotiate with whatever government is formed, several top officials are agitating for a stronger posture at this stage — while political negotiations are still in progress.

The point was made most succinctly by Culture and Education Department chairman Nahum Fassa at a meeting of the Histadrut Labour Party faction on Friday. "The country is slowly being brainwashed into believing that unemployment is the only alternative," Fassa said. There is a tendency — "and not only in the Likud" — to accept "a little unemployment."

Fassa pointed to two main trends of thought regarding the appropriate economic policy to deal with the country's problems. The Histadrut, he said, calls for forward planning, changed priorities, waste cutting and

private savings. The government, on the other hand, appears determined to take unilateral steps at the expense of the workers, Fassa said. The decision to freeze government contracts, it is commonly accepted, will lead to unemployment in the industry, he added.

The Histadrut fears that the Alignment may go part way towards accepting the Likud's economic strategy during national unity negotiations. This led Mapam Histadrut representative Hanan Erez to describe a national unity government as "a disaster from all points of view, including the economic."

Histadrut officials also see the contract freeze as a means of pressuring the Histadrut to negotiate with the present government. This was more or less confirmed by Finance Minister Yigal Cohen-Orgad yesterday, when he told a radio interview that if Kessar is concerned about employment, he should agree to negotiate with the government so that the freeze could be replaced by coordinated budget cuts.

Kessar has consistently refused to

negotiate, saying that an interim government such as the present one does not have the ability to carry out the long-term measures necessary to heal the economy.

The Histadrut is in an uncomfortable position. Its leaders are well aware that every day that passes without economic reform means a worsening of the country's already critical economic situation. But it is unwilling to be pressured into making quick concessions to a government that can promise nothing in return.

The Histadrut has drawn up a document of principles to guide talks between itself, the government, private employers and the Bank of Israel. The wide-ranging and detailed programme would make the labour organization partner to decision-making over such government activities as money printing and state budget allocations. With such an ambitious programme in mind, the Histadrut is obviously less than eager to deal with a hamstrung, transitional government.

The Histadrut is undertaking a

campaign to discredit the interim government's economic moves and to emphasise its own programme for consultations. Due to meet today, the executive is likely to approve the document of principles and a central committee resolution opposing the government's reported intention to alter signed wage agreements.

Tomorrow, a committee incorporating Treasury, Histadrut and employer representatives is due to discuss the country's employment situation in light of the contract freeze. Within the next few weeks, unions and labour councils throughout the country will convene meetings to explain the Histadrut's opposition to it and to the government's recent measures in general.

The Histadrut's Labour Party leaders have not forgotten that Histadrut elections are due next year. By then, the country should be well into its austerity period. If both the Alignment and the Likud are sitting in the same government, it will be difficult to know where to cast the blame.

Kessar: Causing unemployment immoral

By LEA LEVAVI

It is immoral for any government to heal the economy by taking jobs away from people and causing them to lose their self-respect, Histadrut Secretary-General Yisrael Kessar said during an Israel Radio interview yesterday. The government's decision to freeze orders from outside suppliers could result in unemployment, because it had not been planned properly, he said.

Since the jobless will get unemployment insurance, their purchasing power, not backed by productivity, will increase inflation, Kessar said.

There is no such thing as controlled unemployment; "it mushrooms, like inflation," he said.

He said the Histadrut was ready to talk to any government and has no

objection to a social contract or package deal, as long as it was not an excuse for putting the whole burden of economic recovery on the workers. "If the finance minister thinks he is going to cure the economy by breaking agreements with us, he is very wrong," Kessar said.

Finance Minister Yigal Cohen-Orgad said in a separate programme, that if Kessar was worried about employment, he should immediately begin talks with the government to get the purchase freeze replaced by coordinated budget reductions. Cohen-Orgad said he has every intention of honouring the wage agreements recently signed with the Histadrut. However, if a package deal is worked out and prices are frozen, the cost-of-living increment agreement will have to be modified in order to protect real wages, he said.

U.S. officials 'sabotaging' Israeli-U.S. trade talks

Jerusalem Post Correspondent

WASHINGTON. — U.S. officials involved in the talks with Israel on an American-Israeli free trade zone are trying to torpedo the negotiations, according to pro-Israeli sources familiar with the negotiations.

These sources referred to a report in *The Washington Post* last week which said that the federal Bureau of Investigation is investigating the leak to the Israeli lobby, Aipac, of a report by the International Trade Commission. They said the newspaper report was geared towards sabotaging the talks.

The report was initially published in the Israel media early last month. Its publication now in the *Post* is interpreted here as an attempt by the anti-freeze trade zone officials to cause a delay in the voting in the Senate and House of Representatives, scheduled for later this week. At the week's end, the two houses go into recess. When reconvened in September, their agendas will be tight.

While the president's representative to the talks with Israel, William Brock, is a firm supporter of the free trade zone idea, a number of officials in his office oppose it, and are apparently cooperating with commercial and agricultural interests, especially from California, which oppose it.

Contrary to what was published in *The Washington Post*, the FBI investigation is not focusing on Aipac, which was given a copy of the report "voluntarily," but on the identity of the person who volunteered it. Opponents of the free trade zone say that the report includes "internal information" which gives Israel an unfair commercial advantage.

The Zim company, firms belonging to the shipping conferences it works with, and non-conference companies, have all been engaged in a cutthroat price-slashing fight to sink each other. Last week they agreed to uniformly raise their rates to "economic levels."

They were able to do this because cartel laws specifically exempt shipping from its price fixing prohibition. The fight between the companies, which lasted for nearly 18 months,

The Hebrew University conferred an honorary fellowship Friday on Professor Alexander Scheiber, head of the Hungarian Rabbinate Assembly, who is leading a delegation from Hungary here for today's opening of an historical exhibition on that country's Jews at the Beth Hatefuzoth Diaspora Museum in Tel Aviv.

Scheiber was cited for his role as the "spiritual leader of Hungarian Jewry and defender of Jewish culture."

Quiet Sabbath protest in Petah Tikva

Jerusalem Post Staff The Sabbath demonstration this weekend by Petah Tikva's ultra-Orthodox passed almost without incident, as 500 religious protesters faced some 20 supporters of the Citizens Rights Movement, with police and border policemen in the middle.

The lone incident which disturbed the peace was when ultra-Orthodox demonstrators tried to push aside a police barrier. One of the demonstrators shouted to the police: "Nazis." Police seized the man who

had shouted but later released him. The two groups of demonstrators went home after the end of the Heichal cinema's Friday night screening of *Footloose*.

Meanwhile, residents of houses near a local yeshiva which loudly activates Sabbath sirens have warned they will soon appeal to the High Court of Justice to stop the noise.

So far, repeated complaints by the residents to the municipality have failed to elicit action to stop the sirens.

FOUR KILLED

(Continued from Page One) tires blew out and the car overturned on the coastal road near Netanya.

On Friday afternoon, the driver and passenger of an army Renault were seriously injured when their vehicle collided head on with a civilian tender on the Shefar'am-Ahuhad road.

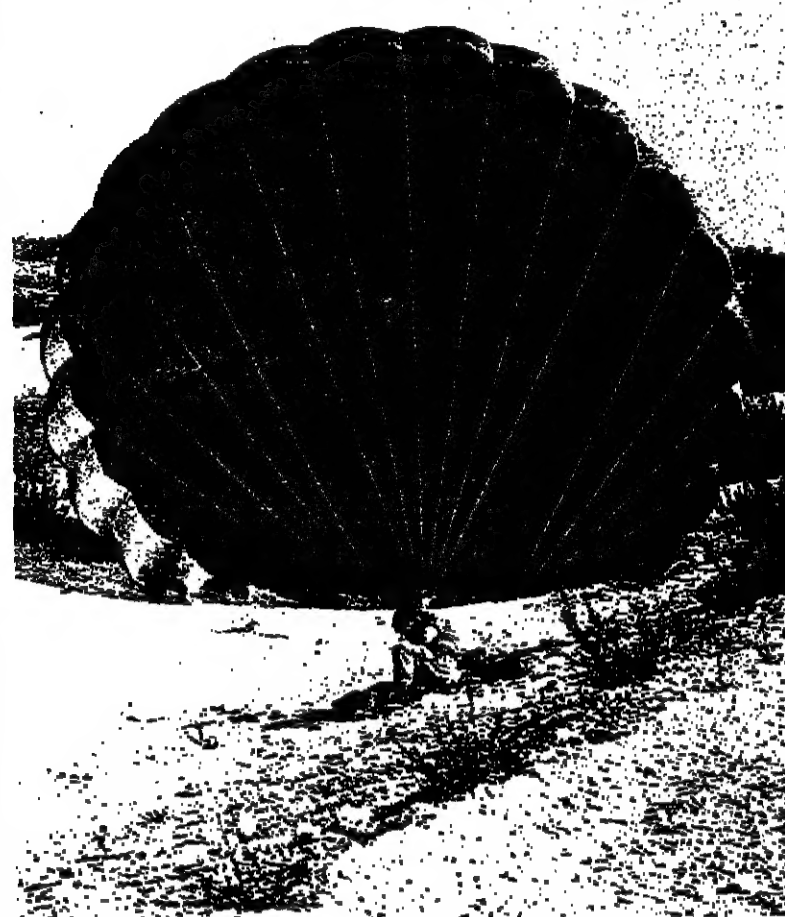
Yesterday, a 16-year-old girl was killed and seven persons hurt in a collision involving two Volkswagen pickup trucks on the Afula-Kfar Tabor road.

In Tubas, northeast of Nablus, a car struck and seriously injured a pedestrian before the driver lost control, went up on the sidewalk and struck three more people, one of whom was also seriously hurt. And in Nablus, a 60-year-old woman was seriously injured and two others moderately hurt in a head-on collision between a civilian car and an army vehicle.

Jerusalem bank branch target of protesters

Jerusalem Post Staff Unidentified protesters last night damaged the signs of the Bank Leumi branch at Shabbat Square in Jerusalem's Mea Shearim quarter. Tar was also poured on the building's facade.

Police believe that the action was a further protest against the construction by a company belonging to the bank of a hotel in Tiberias in an area that religious zealots believe to be the site of an old Jewish cemetery.



Cadets of the military boarding schools in Haifa and Or-Etzion parachuted on Thursday at Palmachim at the end of their jump course, which is part of the school's curriculum. (IDF Spokesman)

Increases in shipping rates will boost prices of imports

By YA'ACOV FRIEDLER

HAIFA. — The cost of imports from Europe will go up by 2 to 10 per cent, while exports will also be hit, as shipping companies raise their freight rates Tuesday by 25 to 100 per cent, *The Jerusalem Post* learned on Friday.

The Zim company, firms belonging to the shipping conferences it works with, and non-conference companies, have all been engaged in a cutthroat price-slashing fight to sink each other. Last week they agreed to uniformly raise their rates to "economic levels."

They were able to do this because cartel laws specifically exempt shipping from its price fixing prohibition. The fight between the companies, which lasted for nearly 18 months,

caused heavy losses to all, but eliminated none.

Arye Mehoulai, director of the Shippers Council which represents importers and exporters, told *The Post* the companies had informed him of their new tariffs on Friday "and the rises are steep," ranging from 25-30 per cent on the lines to northwest Europe and Britain to a hefty 50 to 100 per cent on the lines to Mediterranean ports, where competition had been toughest.

Mehoulai said the rises would cost the importers and exporters "tens of millions of dollars a year." He noted that freight rates account for about 10 per cent of the cargo value.

Council management will convene on Wednesday to consider the rises and is likely to ask the companies to stagger the increases over several months.

Honorary fellowship for Hungarian rabbi

The Hebrew University conferred an honorary fellowship Friday on Professor Alexander Scheiber, head of the Hungarian Rabbinate Assembly, who is leading a delegation from Hungary here for today's opening of an historical exhibition on that country's Jews at the Beth Hatefuzoth Diaspora Museum in Tel Aviv.

Scheiber was cited for his role as the "spiritual leader of Hungarian Jewry and defender of Jewish culture."

The group is the fourth official Hungarian delegation to visit Israel this year. (Itim)

UNITY TALKS

(Continued from Page One)

is practically unanimous in both major blocs that Herzog will nominate Peres, who leads the largest Knesset faction.

There were no formed contacts between leaders of the Alignment, and of other parties over the weekend. However, Peres reportedly had a number of telephone conversations with officials of the Citizens Rights Movement and Shinui.

Lea Levavi adds: Yitzhak Rabin (Alignment) believes the two major parties should make a serious attempt to form a national unity government, because the elections show that this is what

UNITY TALKS

the public wants. Speaking on Israel Radio yesterday morning Rabin said the programme of such a government should include: economic recovery; an end to Israeli military involvement in Lebanon; improvement of relations with Egypt; and a possible dialogue with Jordan after the American elections in November.

Formulas can be worked out for dealing with settlement in Judea and Samaria, he said. But he refused to be specific, saying that negotiations on these issues had not yet started.

In answer to a question, Rabin said new elections in the near future would neither significantly change the political map nor be desirable.

Supreme Court rejects state appeal

Officers in terror case are released on bail

Supreme Court Justice Menahem Elon on Friday upheld a Jerusalem District Court decision to release on bail the two army officers accused of involvement with the Jewish terror underground. State prosecutors had appealed against the release of Rav-Seren (major) Shlomo Leviatan, charged with attempted murder, and Rav-Seren Roni Gila, charged with causing grievous bodily harm.

Both men are also charged with failing to prevent a serious crime by not informing others of their knowledge of plans to bomb West Bank mayors in June 1980. Two of them, Bassam Shaka of Nablus and Karim Khalaf of Ramallah, lost legs in the attacks. Leviatan also allegedly supplied information to the terrorists about the mayors' whereabouts and movements, and knew specifically about a bomb planted outside the garage of former Al-Bira mayor Ibrahim Tawil.

According to the charge sheet, the bombers told Leviatan where the explosive was placed because they were afraid soldiers might accidentally set it off. He then passed the information on to Gila, who was sent by the military government to search the area after bombs had already gone off in the other two mayors' cars.

The prosecution says that Gila then failed to warn IDF sapper Suleiman Hirbawi, who hit the trip wire outside Tawil's garage and was blinded, as Gila stood by.

The pair were put on trial 14 months ago, and the prosecution has completed presentation of evidence against them, except for two witnesses, Menahem Livni and Yehuda Etzion, defendants in the main trial involving 20 other alleged terrorists. But their trial will begin only on September 16, and the judges in the officers' trial ruled that the testimony can be heard only after the trial of Livni and Etzion begins.

Citing the inevitable delay and predicting an even longer wait before the end of the main trial, lawyers for Leviatan and Gila petitioned for their release, to prevent such lengthy incarceration of two men not yet proven guilty. Two of the three district court judges agreed.

Elon, in rejecting the appeal, agreed with the lower court majority that the main trial will probably not end before next summer. He noted that the serious charges would normally justify a denial of bail, but added that the evidence so far presented does not establish a *prima facie* case for conviction. On the balance, therefore, he ordered their release on \$1 million bail each, "to prevent an injustice."

Keeping the defendants in jail would be "punishment without trial," Elon said.

The delay in testimony of the other two accused is to avoid putting them in a position where they might be influenced by the pending trial against them. (Itim)

Refusenik gets 10 days jail for 'trampling on flowers'

TEL AVIV. — Refusenik Alexander Cholimsky, of Moscow, has been sentenced to 10 days in prison for "trampling on flowers and other acts of vandalism," the Public Committee for Soviet Jewry reports. Cholimsky, a Hebrew teacher, was refused an exit visa to Israel on the grounds that he did not have any relatives here. He was arrested on July 25 after holidaying at a camping site in Estonia where a man believed to be an agent provocateur tried to bribe him. It is thought the man caused Cholimsky's arrest.

The trial of Alexander Yakir has been postponed until September 2 because the prosecutor has gone on holiday. The trial was to have been held last Thursday, the committee says.

In a telephone call from Perm, northeast of Kazan, the wife of Prisoner of Zion Yosef Begun said that her husband is continuing his hunger strike. He is being held in hospital for a still unknown reason.

Only 85 Jews were permitted to leave the Soviet Union in July, 34 of them coming to Israel. During the first six months of 1984, 556 Jews left the Soviet Union, 267 coming to Israel.

Meanwhile, in Moscow, Soviet academics say dissident physicist Andrei Sakharov is "working hard" on scientific projects, a member of a visiting U.S. group told the Associated Press.

Marcus Raskin, a senior fellow at the Washington-based Institute for

Policy Studies, said Sakharov's case had been raised at least three times with the Soviets during the group's meetings this week.

Also in Moscow, a member of an unofficial Soviet Jewry group has been sentenced to 15 days in jail, fellow group members said on Friday in Moscow.

Nikolai Kharanov, 21, was sentenced at a trial on July 25 on charges of resisting the police after he refused to go to a clinic for a check on his fitness for military service.

The group members said they feared Kharanov would be subjected to further disciplinary action after the sentence lapses.

KGB security forces mounted guard Friday on the apartment of a Moscow couple belonging to the same peace group, friends of the couple said.

Plainclothes KGB men were preventing visitors from entering the apartment of Vladimir and Maria Fleishgaskers, founder members of the self-styled "Group of Trust," another member of the group told Reuters. The Fleishgaskers have played a leading role in the group's attempts to stage peace demonstrations without official permission and have been detained by security forces before.

SOVIET JEWS. — Only 85 Jews were permitted to leave the Soviet Union in July, 34 of them coming to Israel. During the first six months of 1984, 556 Jews left the Soviet Union, 267 coming to Israel.

Thieves get \$1m, jewels in TA flat

TEL AVIV (Itim). — Armed robbers got away with a reported \$1 million in cash and more in jewelry early yesterday from an apartment belonging to a Jaffa fishmonger on Rehov Shlomzion Hamalka here.

Returning to their apartment at 1.30 a.m., Nehama and Pessah Tzarfat were surprised to find two men inside. "They wore stockings over their faces, with holes for their eyes," the couple reported. "One held a pistol and the other a knife." The burglars had entered the apartment by sawing through bars covering a balcony window.

Addressing Pessah Tzarfat, they said that they knew he had a safe in the apartment. "If you don't open it, we won't hesitate to hurt you," the intruders threatened, brandishing their weapons. Tzarfat led them to the bedroom, where he opened the safe, handing over the money and jewels.

The robbers tied the couple with rope and cloth and locked them in the bathroom, warning them not to call for help. They then remained in the apartment until about 4.30 a.m., apparently preferring not to risk arousing suspicion by leaving in the middle of the night.

The couple eventually freed themselves, and Tzarfat went to a nearby first aid station in the morning for treatment of injuries he had sustained. Only in the afternoon did the couple's children persuade the couple to report the robbery.

Police, who believe that the perpetrators must have known their victims, are investigating.

In another robbery, a cab driver gave an envelope containing \$120 to a fare who threatened him with a knife on Friday night during a trip from Kikar Hamoshavot to Yad Elihu in Tel Aviv. Police yesterday arrested a 24-year-old suspect.

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is no longer with us.

Mourning by: Eve and Meir Moskovic, Naomi and Eleanor — London
Ruth and Raphael Admati, Eran, Micha and Merav — Omer
Sarah and Ruby Grodzinsky — London
Fanny Friedman — Los Angeles
Michaela and Allan Levine, and children — Ashdod
Avi and Sarah Lichtig, and children — Ramat Gan

The funeral has already taken place.

A year has passed since the death of our dear

CHANA ALDEANO

We shall honour her memory on Tuesday, August 7, 1984 at 5.30 p.m. at the graveside, Givat Shaul Cemetery, Jerusalem.

Elisheva and Arie Steinberg
Dr. Yehuda and Diana Hareven
and Michael Poran

سكوا من الأصل

Washington eases bans on Poland U.S. seeks to bypass Moscow to East Bloc

WASHINGTON — The partial lifting of U.S. economic sanctions against Poland on Friday is part of a broader strategy to increase direct ties with Warsaw Pact nations while bypassing Moscow, American officials say.

One key part of this effort, they told reporters, is a campaign to present the U.S. side of the arms control debate directly to the Soviet Union's East European allies.

The officials, who spoke on condition they not be identified, believe the campaign is paying off.

One official said the campaign was intended as a counterweight to the "receptive audience that Moscow's point of view has sometimes found among U.S. allies in Western Europe."

The administration announced on Friday it was removing two lesser sanctions against Poland. But a Polish government spokesman called for the abolition of all U.S. sanctions imposed after the 1981 crackdown on the Solidarity union movement.

Terming Poland's amnesty for political prisoners a big step toward "national reconciliation," the administration said it will lift a ban on scientific exchanges between the U.S. and Poland, and will allow the Polish national airline LOT to resume regularly scheduled flights to the U.S.

Deputy press secretary Larry Speakes also said successful implementation of the amnesty decision would create "a positive atmosphere" for dropping a third, more important sanction — U.S. opposition to Poland's application for membership in the International Monetary Fund, a source of loans for economically troubled countries.

In Warsaw, the newspaper of Poland's ruling Communist Party said yesterday it was an illusion to believe that an amnesty for political prisoners heralds a return to the political pluralism of the Solidarity era.

"The amnesty offers another chance to those who want to avail themselves of its benefits," the newspaper, *Trybuna Ludu*, said in a front-page editorial. "The road to our common future stands open to them. But it is an illusion to expect that the past will return."

Meanwhile, Adam Michnik, a Solidarity adviser and leader of the former workers' rights group KOR, was released from Warsaw's main prison yesterday, family friends said. (Reuters, AP)

E. Germany snubs Soviets over criticism of deal

EAST BERLIN (Reuters) — East Germany apparently ignored a scathing Soviet attack on its recent credit deal with West Germany yesterday while Hungary reaffirmed backing for East German leader Erich Honecker's bid to forge closer links with the West.

The Communist Party daily *Neues Deutschland* broadcast Soviet bloc protocol by failing to reprint an authoritative article from its Moscow counterpart *Pravda* accusing Bonn of trying to prise concessions from East Berlin by economic means.

In its place, the newspaper published another, more mildly worded, Soviet article lauding the detente of the 1970s.

Western diplomats said omission of the commentary, published in Moscow on Thursday and clearly sanctioned at high level in the Kremlin, would probably heighten tensions between Moscow and East Berlin over Honecker's plans to visit West Germany next month.

The decision not to publish an article that should appear automatically in the press here could only have been taken at a high level, Kremlin opponents of the Honecker visit are probably going to see this as a rebuff, one diplomat said.

Western diplomats have said that, despite Soviet pressure, Honecker appears reluctant to abandon a planned three-day trip to West Germany next month.

The Hungarian political weekly *Magyar Hírlap* has meanwhile restated Budapest's backing for Honecker by publishing an article praising his foreign policy and his desire to be the first East German Communist leader to visit West Germany.

It dismissed Soviet warnings that East Germany's slight easing of East-West travel restrictions this week in return for a \$330 million West German loan showed Bonn was trying to undermine Communist rule.

The tone of the Hungarian article was in stark contrast to recent Soviet attacks that reflected growing fears the frontline Warsaw Pact state could be drawn under Bonn's influence.

It was the second time in a week that Hungary, which also maintains strong diplomatic and trade links with the West, had publicly supported Honecker's foreign policy against hardline Soviet and East European attacks.

Carter man's resignation flusters Mondale campaign

NORTH OAKS, Minnesota (AP) — Democratic presidential candidate Walter Mondale and his running mate Geraldine Ferraro are reviewing strategy following the embarrassing departure of Bert Lance as general chairman of their campaign 19 days after he took the job.

The resignation of Lance — whose appointment was supposed to help the ticket in the South — came on Thursday as Mondale and Ferraro completed a campaign swing in the region.

Mondale and Ferraro met on Friday at Mondale's suburban Minneapolis home before she returned to New York. Neither had public appearances scheduled over the weekend.

Mondale issued a statement Thursday night saying he was regretfully accepting the resignation of his "friend and adviser," Lance, who was forced to step down as former president Jimmy Carter's budget director amid allegations of irregularities in his private banking business in Georgia.

"I have become a major focus of this campaign, through the efforts of different people raising false again old charges which have been fully resolved through our system established by the constitution of the U.S.," Lance said in his resignation letter.

"I want to be part of a successful effort in your election as president of the U.S., not the focus to divert attention away from the substantive issues which are so important to this campaign."

Lance's appointment on the eve of the Democratic national convention last month in San Francisco drew sharp protests from party leaders, who pointed out that he had been a close aide to Carter, whom Mondale served as vice-president.

Lance and three others were indicted in 1979 on charges of bank fraud and conspiracy arising from allegations of false statements, false entries and misapplication of loans related to hundreds of overdrafts and loans totalling \$20 million to the four men, their friends and members of their families.

Lance was acquitted on nine of 12 charges in 1980, with the jury deadlocked on the remaining three counts. Those counts later were dropped by federal prosecutors.



Jan Bjerk of Norway embraces his wife as he arrives at Orly Airport in Paris on Friday, when the 60 hostages hijacked to Tehran on an Air France flight last week finally reached their destination. Bjerk was seen on television during the drama, standing at the plane's door with a gun held to his head by one of the hijackers. (See adjacent story) (UPI telephoto)

Czech flies motorized kite to seek refuge in Austria

VIENNA (AP) — A Czechoslovak engineering student seeking political asylum soared over the Austrian border in a motorized kite yesterday, landing in front of a hangar at Vienna's Schwechat airport, a police official said.

The 24-year-old student, who authorities identified only as Ivor Z., was taken to Traiskirchen, Austria's main camp for political refugees, about 40 kilometres south of Vienna.

Police Lt.-Col. Gerhard Reumann of Airport Security Control said that during the night the student took disassembled parts of the kite by car to a wooded area, where he put it together. The same night he took off from Lozovo, close to the Austrian border, and flew about 45 km. in 1 1/4 hours.

He cruised across the border at an altitude of about 200 metres.

"The young man told me he had planned his escape for about a year," Reumann said, "and built what is technically a very interesting contraption."

While conventional hang-gliding pilots dangle beneath the wing, using their legs as starting and landing gear, the student's aircraft was equipped with a seat and a backward propeller for takeoff. Reumann said.

The propeller was powered by a motor taken from an East German car, to which a motorcycle petrol tank was attached.

Europe smoothly launches first two-satellite rocket

PARIS (Reuters) — Europe's powerful new Ariane 3 rocket smoothly placed two satellites into space orbit yesterday, minutes after blasting off from a jungle launching ground in French Guiana.

West Europe's first two-satellite rocket, launched under a programme being conducted by the 11-nation European Space Agency, lifted off at Kourou space centre on the north coast of South America at 1333 GMT, 89 minutes behind schedule.

The delay was attributed by an ESA official to the failure of a device monitoring a valve, delaying the countdown at two stages. The valve itself was found to be working perfectly.

Some 18 minutes into its flight the 48-metre Ariane ejected the European communications system satellite ECS-2 into orbit 36,000 kilometres above the equator.

The second satellite, Telecom 1, owned by France's telecommunications agency, followed into a similar orbit four minutes later.

Two strap-on solid fuel booster tanks, which separated from the rocket after 40 seconds, gave Ariane the extra power needed to push a 2.6 metric ton payload into space. The smaller Ariane 1 last May launched a 1.8 ton American satellite.

The ESA was set up in 1975 and groups the European Community members except Luxembourg and Greece with the addition of Spain, Sweden and Switzerland.

An ESA spokeswoman said that by the end of the 1980s the agency hoped to have almost 30 per cent of the satellite launch market, at present dominated by the U.S.

The satellites are worth \$25-30 million each, according to Ariane-space, a privately owned West European industrial and banking group which took over the launching of the rockets from the ESA last May.

Turkish Cypriot passports anger Cyprus

UNITED NATIONS (AP) — Cyprus complained to the U.N. about passports and currency issued by the breakaway Turkish Republic of Northern Cyprus in letters released Friday.

Constantine Moushatis, ambassador to the U.N. from the Greek Cypriot central government, told Secretary-General Javier Perez de Cuellar that the actions were illegal and "secessionist."

Moushatis said the actions violated U.N. Security Council resolutions calling on member states not to recognize the state proclaimed by the Turkish Cypriots earlier this year.

Only Turkey has recognized the Turkish Cypriot republic in the northern third of the island held by Turkish troops since a 1974 invasion.

Moushatis quoted a Turkish Cypriot newspaper, *Yeniden* (New Order), as saying currency for Northern Cyprus has been printed in Ankara and will be put into circulation within six months.

155 corrupt policemen dismissed in Bukhara

MOSCOW (Reuters) — A corruption probe in the Soviet central Asian city of Bukhara has led to the sacking of 155 policemen.

The latest issue of the local Communist Party newspaper *Pravda of the East* to be available in Moscow announced the dismissals. It said some of the sacked policemen were also being tried on criminal charges.

Reports of trials and dismissals throughout officialdom in the Soviet republic of Uzbekistan have been trickling in over the past two months.

Hundreds of minor officials and several regional ministers including the chief of the cotton industry, Uzbekistan's major crop, have been sacked and reprimanded.

The newspaper gave details of one instance of falsified cotton crop figures, revealed to have been a widespread practice over the past few years when record high crops were claimed.

French anarchists blow up space agency HQ

PARIS (Reuters) — The banned anarchist group Action Directe on Friday claimed responsibility for its fourth bomb attack in less than a month, after an explosion Thursday night wrecked the headquarters of the European Space Agency (ESA).

The blast, which slightly injured seven people, occurred less than 48 hours before ESA was due to launch its new Ariane 3 rocket carrying two communications satellites from its base in French Guiana.

Action Directe, outlawed by the Socialist government in 1982, told a news agency in a telephone call that it carried out the attack and a message scrawled in red paint on the outside of the ESA building read: "War against war, A.D."

Bomb in luggage kills 32 in Madras Airport

MADRAS (Reuters) — The death toll in a bomb blast in Madras Airport rose to 32 while police launched an intensive search yesterday for a passenger who vanished after checking in two suitcases.

Rescue workers late Friday found three more bodies in the debris caused by Thursday night's explosion which destroyed most of the airport's international section.

The unclaimed suitcases exploded as they were being removed by customs officials after three anonymous warning calls.

Police said they were looking for a mysterious passenger booked to travel on an Air Lanka flight to Colombo. They said he failed to pass through immigration after checking in his baggage.

In Colombo, a Sri Lankan government spokesman said about 15 of those killed were believed to be Sri

Lankans.

Sri Lankan Defence Ministry sources said the explosion was part of a plan by separatist Tamil terrorists to blow up two Air Lanka jets.

But a major Sri Lankan Tamil organization based in Madras denied any connection with the blast, which it condemned.

The Press Trust of India (PTI) quoted the United Front for Eelam Liberation, which consists of three Tamil separatist groups, as saying the bombing might have been a "cowardly act of some elements" trying to disrupt support for it.

In a separate incident, three Sri Lankan navy men were wounded when a patrol craft and a boat carrying suspected separatists exchanged fire in the surveillance zone off the northern coast Friday night.

One suspected terrorist, who had gunshot wounds, was captured.

Sri Lanka declared a surveillance zone within its territorial waters four months ago and constantly patrols it to prevent separatists travelling to or from the south Indian state of Tamil Nadu 32 kilometres away.

In Calcutta, three bombs exploded near the American Centre during a protest against the treatment of Indian competitors at the Los Angeles Olympics, the PTI said yesterday.

It said six policemen guarding the centre and a bystander were injured by the blasts Friday afternoon. It gave no details of the type of bomb.

The demonstrators carried placards protesting against the action of some Sikhs during India's Olympics hockey match against the U.S. who shouted slogans demanding a separate Sikh state. The incident led to protests by Indian officials to the Games organizers.

Hijackers seek political asylum in Iran

TEHRAN — The three hijackers of an Air France jet who surrendered in Tehran on Thursday have asked for political asylum in Iran, a Foreign Ministry spokesman said yesterday.

The spokesman, quoted by the Iranian news agency Irna, said the hijackers were in detention while investigations continued.

The three had been identified as Moslems from Lebanon, Irna reported the spokesman as saying.

The hijackers forced the airliner to fly to Geneva, Beirut and Larnaca before heading for Tehran. After threatening to kill everybody on board, they eventually freed their hostages, then blew up the cockpit and surrendered.

A British woman on the jet said in a radio interview in London yesterday that the passengers "sensed" Iranian authorities were helping the hijackers. At one point during the

hijacking ordeal, she saw an Iranian soldier standing in the plane's doorway, she said.

Jan Wallington, 27, a nurse from Wareham in southwest England, was among the 60 passengers and Air France crew members who returned to Paris on Friday night.

French and West German officials still do not know how the hijackers obtained automatic weapons and other arms.

Neither the crew nor the passengers were able to shed light on how or where the hijackers suddenly came up with submachine guns, grenades and a pistol on Thursday while the plane was in Tehran.

Much of the speculation in the French and German press — and by at least one Frankfurt Airport official — has centred on the possibility the hijackers may have been supplied with additional arms after landing in Iran.

On Friday, Frankfurt Airport spokesman Otto Hunsrainer told the Associated Press there was "a very strong suspicion that sub-machine guns used by the hijackers were in fact taken aboard the plane in Tehran." He added that it would be impossible to smuggle such weapons through in hand luggage.

In Tehran, a Foreign Ministry spokesman was quoted on Friday by Irna, the official news agency, as saying the hijackers retrieved arms and explosives from their baggage in the cargo hold on the pretext of getting medicine for a passenger.

But Jean Nicol, 50, pilot of the 737, told reporters late Friday that it was impossible to reach the baggage compartment while the plane was in flight.

Frankfurt Airport, one of Europe's busiest, does not routinely X-ray baggage checked into the cargo hold. (Reuters, AP)

Rome senate ratifies church-state accord

ROME (Reuters) — The senate on Friday approved a new church-state concordat which will end Catholicism's status as Italy's state religion.

Socialist Prime Minister Bettino Craxi told the senate the pact "consolidates a modern system which... has as its fundamental norm the right to liberty."

It easily cleared the senate after a two-day debate and will go to the chamber of deputies for final ratification in September.

The state and the Vatican signed the concordat in February and gave a joint commission six months to agree on final details.

Libya protests against American 'overflights'

UNITED NATIONS (AP) — Libya protested American flights in what they claim is Libyan airspace over the Gulf of Sirte in a letter to the UN secretary-general released here on Thursday.

The Libyan letter, from Dr. Ali Treki, Libya's foreign minister, said 164 U.S. planes participated in manoeuvres off the Libyan coast on July 26.

One group of American planes was intercepted and "ejected," the letter said. The U.S. considers the Gulf of Sirte to be international waters but Libya claims it is part of its territorial waters.

4 die in copter crash near Sudanese capital

KHARTOUM, Sudan (AP) — Two pilots and two soldiers were killed Thursday when their helicopter crashed near the capital while on a routine flight, a statement by the Sudan news agency, said the helicopter was on its way to Khartoum from el-Obeid, capital of Kordofan province, 380 kilometres southwest of Khartoum. It said it crashed 25 kilometres southwest of Khartoum.

The cause of the crash was not mentioned in the statement.

Upper Volta — Borkinafasso

OUAGADOUGOU (Reuters) — The West African state of Upper Volta on Friday changed its name to Borkinafasso, meaning in a local tribal language "the country of the just."

Announcing the change, the spokesman for the ruling military junta said that Upper Volta was the name left the state by French imperialists.

Bank of Israel exchange rates

August 3, 1984	IS
U.S. dollar	291.71
British sterling	384.81
German mark	101.15
French franc	32.950
Dutch guilder	89.605
Swiss franc	119.55
Swedish krona	34.848
Norwegian krone	35.137
Danish krone	27.670
Finnish mark	48.032
Canadian dollar	222.50
Australian dollar	245.33
South African rand	184.94
Belgian franc (10)	49.948
Austrian schilling (10)	144.04
Italian lire (100)	164.50
Japanese yen (100)	119.63
Irish pound	310.67
Spanish peseta (100)	178.33
Jordanian dinar	755.53
Lebanese lira	48.220
Egyptian pound	240.66

Salvador hostage drama ends without bloodshed

SOYAPANGO, El Salvador (Reuters) — Four left-wing guerrillas who held 73 people hostage in a bank for 19 hours surrendered on Friday after mediators failed to find a country willing to give them political asylum.

The gunmen gave themselves up and released their captives, held in a bank near the capital since Thursday, unharmed.

Negotiators from the International Red Cross, the Spanish Embassy, and the Salvadoran Foreign Ministry found no country willing to receive them.

The four identified themselves as members of the Farabundo Marti National Liberation Front (FMLN), an umbrella group for five combat groups fighting the U.S. backed government here.

Two Red Cross jeeps took them from the two-story building of the Commercial Agricultural Bank to a magistrate in Soyapango where after making statements, the four — wearing bandannas and broad-brimmed hats — were driven to Mariona Prison on the outskirts of San Salvador.

Colonel Jesus Caceres Natividad, of El Salvador's Treasury police, said all 73 staff and customers who were in the bank when the gunmen seized it were safe.

Earlier estimates of the number of hostages had ranged from 40 to 125.

The gunmen released 10 hostages — three children and seven women — overnight. After the guerrillas surrendered, the rest emerged, one by one, to tearful reunions with relatives who had been waiting nearby.

Protesters hurl eggs at Thatcher's car

REDHILL, England (Reuters) — Demonstrators threw eggs at Prime Minister Margaret Thatcher on Friday, splattering her car as she arrived to open a hospital.

About 300 demonstrators booed and jeered the prime minister as her car swept up to the new hospital South of London.

The protesters were carrying posters attacking government plans to turn state-run industries over to the private sector and cut back the national health service.

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Israel Museum Jerusalem

Correction of Error

Our notice of August 3, 1984 should have read:

Cagliostro the Fantastico, Sunday and Thursday, 8.30 p.m.
Tuesday, August 7 (Tisha Be'av) no performances during the day
(workshops as usual). Wednesday, August 8, no performance of
Pablo Ariel. At 11 a.m., 1.30 p.m. and 4.30 p.m. showing of film
"Popeye".

A LIBERAL DILEMMA

The Post's David Krivine talks to Uriel Linn (below)

"If you ask whether I am happy about the performance of the party, my answer is no."



Labour government. When they introduced VAT on July 1, 1976, they made it clear that the whole sales tax was now obsolete. "VAT applies to all commodities equally, which is

fair. I see no reason why a cabinet minister should sit and decide what is good for the public at large and what is not good for the public at large. That is what the sales tax is all

about." Linn thinks it is not a sin that private persons buy colour TVs, and motor-cars, or take holidays abroad. "You don't solve economic prob-

lems by asking people how they spend their money. That's their business. You must ask them how they earn their money."

DO NOT TAX reductions stoke up inflation in our overheated economy?

This question brings us to the reason for his departure from the Treasury. "I headed a committee to encourage growth and investment. It recommended measures to change the structure of the economy and the structure of employment. Aridor preferred the easy way. He supported the policies of my antagonists in the Treasury, who backed the traditional monetary methods."

"The way to tackle the problem of inflation is to slash the public sector and grant big aid to the productive sector. You know what the central problem is in Israel? That output per capita is dismally low — \$2,200 per annum as compared with \$5,600 in a country like Holland."

"There are four reasons for the lag. One, excess workers in the public services. (To be fair, this includes the armed forces.) Two, rampant featherbedding in all sectors, public and private. Three, promotion by seniority, not by merit. Four, excessive strikes, mainly in essential services."

Linn thinks 50,000 employees could be shed by the public services and transferred to production jobs. Such remedies were too drastic for Aridor, so Linn was out. (He became director-general of the Energy Ministry.)

But revenue increased during those tax-cutting years 1980-83, and now it is falling. What has gone wrong?

Linn points out that the post he held as commissioner of internal revenue has been left vacant. There

is no leadership any more in the tax administration.

"We don't require new taxes, that would be counter-productive. The tax departments have to be energized. Their morale is down, the dynamic is lost. Revenue used to cover 50 per cent of expenditure, now it covers only 35 per cent. What is required is a strong hand at the helm, someone who can inspire the tax collectors to work all out."

LINN IS AGAINST meddling with the public's spending, but does criticize the authorities on this score. They, he believes, spend far too much. Budgetary overspending ensures that many people earn their living the wrong way, through jobs in the over-manned public services.

How to get rid of featherbedding? By reducing bureaucracy, by pushing more people into the competitive sector, and by outlawing strikes in essential services. Is that possible, can such a law be effectively applied?

"If the government is firm, yes — why not? One thing I applaud Aridor for is his stand against the strikers of El Al, with the result that we see."

Linn's authoritative attitude in labour relations is paralleled by a hard-line policy in foreign affairs, which may explain why he prefers fusion with Herut to a break-up of the Likud.

"Labour is responsible for the Lebanon war," he pronounces. "They allowed the PLO and the Syrians to take over in Lebanon. We had no option but to send our forces in."

He is equally uncompromising on the West Bank.

"If we give up territory to an Arab power, we shall not be able to control what happens in that territory."

Linn believes in reduced government but strong government — strong leadership in the tax administration, strong methods in labour relations, and a strong policy in the administered areas. Liberalism with a capital "L."

"AFTER THE FORMATION of a government, the Liberal Party will have to choose between two alternatives. It must either fuse with Herut, or break off from the Likud." Thus Uriel Linn, himself a Liberal and newly-elected member of the Knesset.

Which solution does he prefer? "I prefer fusion. But the party must make a collective decision, and I'll abide by that decision whichever way it goes. We can't have a split in the middle, with some members joining Herut and others seceding. "Nor can we have a continuation of the existing situation."

Linn is both a lawyer and a man of affairs; he has no time for slipshod arrangements like the present status of the Liberals as junior partners in a peevish coalition.

Why did he join the Liberals? Was that the party of his dreams?

"When I became a member at the end of 1973, it was the finest faction in the Knesset. It contained people like Elimelech Rimalt, Zalman Abramov, Yehzekel Flumin — Liberals of the old vintage. I believed in freedom: abolition of controls, reduction of the crippling tax burden, liberation of the private individual from the suffocating embrace of bureaucracy. If you ask whether I am happy about the performance of my party on these issues since it came to power, my answer is no. I'm not."

Wouldn't he be happier in a genuinely liberal party like Shinui?

"Let me say first that I have a great respect for Shinui. But I went into politics not to prove what a nice guy I am. I joined in order to influence events, and that can only be done by the big blocs."

URIEL LINN was born 49 years ago in the Old City of Jerusalem.

"My source and origin are the same as those of the Sephardi list," he smiles. He is a grandson of Rabbi Ben-Zion Hazan, founder of Yeshivat Porat Yosef. His father, Yonatan Asulin, came from Morocco and taught in the same yeshiva.

His parents divorced when he was six. Uriel had his schooling in the

Shefeya youth village and in Ben-Shemen. He did his army service, then studied law at the Hebrew University, and obtained his M.A. at Berkeley, California. He headed a textile factory until he was summoned by fellow-Liberal Simha Ehrlich, then finance minister, to be commissioner of internal revenue.

"The Liberal Party gave me — I must be fair — great opportunities. They allowed me to reform the fiscal system." Labour had revamped direct taxes; Linn proceeded to pare down the proliferation of indirect taxes.

"The changes I made stand to this day. I don't think we shall ever see again the defunct property tax, the death duties, the capital gains tax on residential property." He also got rid of the travel tax and the compulsory import deposit; but these have been resuscitated, to his evident displeasure.

He reduced or eliminated the sales tax on a whole list of goods and services, and that includes the lavish dispensations made by Finance Minister Yoram Aridor prior to the 1981 elections (Linn was tax chief till March 1982). Were these not populist measures that did more harm than good?

"Populist? That is plain nonsense. Our tax cuts were a classic expression of the liberal philosophy. Just look at the facts. The much-abused colour TV set costs \$400 or \$450 abroad. In Israel at this moment it costs more than double, or \$1,000, and that is after we reduced the sales tax from 72 to 45 per cent."

"Our sin under Aridor is to have brought about the situation where the citizen still pays more tax, including VAT than the whole TV set is worth. This is what they call distorting the market to the electorate? This is a give-away."

"I think the sales tax should be abolished altogether — and you know who promised to do that? The

WERE THERE Chinese restaurants in Galilee when the Mongol hordes invaded Europe and the Near East in the 13th and 14th centuries? There is no evidence to prove there were not — except that Mongols are not Chinese and, of course, restaurants then were not as they are now, with chopsticks and soy sauce and little tea cups.

The last few years have seen a great flowering of Chinese restaurants in Israel, the direct result of the Chinese — and American — involvement in the civil war in Vietnam, and of Israel's gesture in permitting several hundred refugees — the "boat people" — to come here to live.

Tiberias now has two Chinese restaurants. The first, The House, has earned a solid reputation for its unusually attractive surroundings, excellent food, and prices to match. The second, which opened a few months ago, is called Crimson Flower (*crimson shani* in Hebrew, *Fong Wong* in Chinese). This is the bright blossom of the Shade Tree, and the name was chosen by the Vyongs, the Chinese family who operate the restaurant, and consider it their lucky flower.

The Scarlet Flower is located in a new commercial area in Tiberias, called Mosque Square. The mosque, which overlooks the restaurant, celebrates the memory of Daher el-Omer, the Beduin chief who, in the 18th century, ruled an autonomous state in Galilee, and in 1740 invited the Jews to return to Tiberias, which at the time had been *Judenrein* for 40 years.

There are, of course, precedents for Chinese restaurants being close neighbours to mosques, especially those not in use: China has a sizeable Moslem minority. When I asked Mr. Vyong, who left China for Vietnam when he was 18, whether he had encountered Moslems in China, he told me that his home town was far from Moslem populations. "But I've seen them in Chinese movies, roasting lamb just as they do here."

As one of the many Chinese families who made up the Vietnam refugee groups, the Vyongs — father, mother, two sons and a daughter — arrived in Israel about four years ago, after a very brief stay in Hong Kong, where they were given permission by the Israeli authorities there to come to Israel. In the industrious, self-reliant style for which the

Chinese flower of the Galilee

By HELGA DUDMAN/Jerusalem Post Reporter

Chinese are famous, they soon opened a very, very small restaurant in Haifa (about 710 years too late to prepare Marco Polo-for Cantonese cuisine: the famous explorer arrived in Haifa in 1271 on his expedition to China.)

ONE DAY, Jeff Marks of Moshav Ilaniya, who enjoys Chinese food and happened to be in Haifa on business, dropped in on the tiny restaurant, liked what he ate, and told his wife about it. Stephanie Marks, who has a great deal of energy, was looking around for a way of being "part of the development of Tiberias"; besides raising two children and helping to run the farm, she has guided tourists for Tour Ve'Alch

and the British Zionist Federation. She contacted the Vyongs, copied with all the planning needed to open a restaurant, helped the family settle in Tiberias, and arranged for another chef to preside in the kitchen.

Crimson Flower is small (10 tables, with another room for private parties) but has an extensive menu. And where but here are you likely to find Chinese food that involves St Peter's fish, and fresh vegetables including some grown in Ilaniya, formerly Sejera?

Because Oriental cuisine is such a serious and complex subject, I would not presume to offer a critical appraisal — except to say that I enjoyed my meals there, and to add that I grew up eating Chinese food in San Francisco, and started using chopsticks around the age of five. And I cannot help adding that no Chinese food tastes right unless chopsticks are used.

Concessions are made to Israeli and tourist tastes, for example, the availability of ice-cream for desert, which purists would certainly frown at. The restaurant is not kosher. "We considered it," says Stephanie, "but this is a tourist enterprise, and most visitors prefer it this way." Portions are generous (and prices lower than at The House). Crimson Flower is open seven days a week, for lunch (12 to 3) and dinner (6 to 12).

BEHIND the cheerful ambience and attractive decor — there are always fresh flowers on each table — there is a family tragedy of which no visitor could be aware, although it is not too surprising, given the Vietnamese background. Stephanie told me that there is another son, now in China, from whom the family became separated during their exodus from the Orient.

I sat with the mother, a tiny woman weighing 48 kilos. She tried to be cheerful when she spoke of her absent son, but after a few sentences she began to cry. Chinese families are no less closely-knit than Jewish ones.

The problem is the refusal of the Israeli government to permit this

son's entry here under the Family Reunion scheme. It seems inhuman as regards this very limited problem, involving a tremendously hard-working, uncomplaining, Hebrew-speaking, dollar-earning — but non-Jewish — family.

While still in Hong Kong, the Vyongs were told by the Israeli authorities there that there would be no problem later in sending for their son; but that is not how things worked out, as many other immigrants also know.

Soon after arrival, they contacted a Haifa lawyer to help their case to the powers-that-be. He went to the government offices involved, but has been told only that the government sees no reason to reverse its original negative decision. Stephanie has contacted some officials who may be able to help, but so far nothing seems possible.

Perhaps having read this plea, some powerful member of the new Knesset may eat at the Crimson Flower, admire the delicate, edible container woven of thin strips of fried potatoes, ask a few questions, and unite a family that has suffered a great deal and wants to build a new life here.

From steroids to hypnosis

By ALEXANDER KAHN/Special to The Jerusalem Post

sample while a representative from the International Committee stands by. If any banned drug is verified in the second sample, the athlete may be disqualified from the Olympics, with any awarded medals recalled.

DESPITE THE ominous presence of the lab, Dr. Mark Rosnovsky, former member of the Russian Olympic medical team and now general director and doctor of the Israel National Soccer team, feels the testing does little to discourage

the widespread, longterm use of drugs.

"I saw many athletes in Russia taking hormone injections, and it's definitely still being done, all over the world. Anabolic steroids, for example, hormones which affect the endocrine system to enhance muscle development, are widely used by athletes in weight lifting, discus, and shot put. Many women, particularly gymnasts, take the male hormone testosterone to develop strength while slowing down their feminine

physical maturity. That's why many look so underdeveloped for their age," he says.

Apart from the moral and ethical questions of drug use is the serious health threat that steroids and amphetamines ("uppers") pose. "At the very least," says Rosnovsky, "these drugs push the athlete to do far more than they are physically capable of doing, putting a great deal of stress on the heart."

Steroids have also been linked to liver cancer and kidney tumours. In

addition, eventual withdrawal from the steroids can cause the following effects: many men experience shrinking of the testicles, falling sperm counts, and temporary infertility; some men grow breasts or develop painfully enlarged prostate glands. Many women grow hair on their chests and faces; experience abnormal enlargement of the clitoris; and temporarily or permanently cease to ovulate. The athletes and coaches are aware of the dangers, but turn a blind eye in the all-consuming drive for gold. "Sports used to be for health, but now it's health for sports, at any cost," Rosnovsky adds.

ROSNOVSKY HAS his own alternative to drugs. It's hypnosis, and through it he programmes the athlete to relax, feel confident, and push for his or her full potential. Rosnovsky cites anxiety as a major performance inhibitor, reducing an athlete's ability by up to 20 per cent. "Through the power of his mind I can loosen the athlete's inhibitions and fears, relieving the stress that would otherwise diminish his performance," he says.

In describing his technique, Rosnovsky explains that the athlete is hypnotized and then brought back to consciousness fifteen minutes before the competition begins. "The athlete is not under hypnosis during the competition, in fact he remembers nothing from the hypnotic session. But in his subconscious mind my

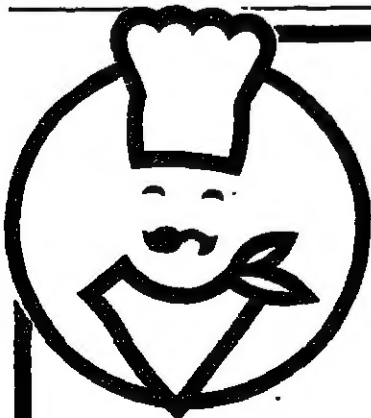


Mark Rosnovsky

orders are playing back to him, telling him to go, for all he can."

Although Rosnovsky has not hypnotized any Israeli athletes during the ten years he has been here, he did hypnotize athletes while still in Russia, and claims successful results there. He believes that hypnosis is ethically sound.

He says, "It's not like injecting chemicals or synthetics which push an athlete beyond his ability. Hypnosis can only help the athlete maximize what he is physically capable of doing. Though the I.O.C. may ban it in the future, I believe that it's a legitimate way to relax and concentrate."

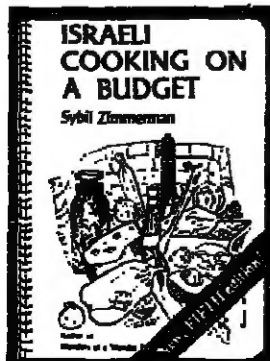


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TEL AVIV STOCK MARKET REVIEW Market takes time out

By PINHAS LANDAU
Jerusalem Post Reporter

The stock exchange seems to be in a state of inertia, with traders buying and selling, or at least gathering for the daily trading session, more out of habit than out of any conviction that there is something to be achieved. Securities that are linked to the index or the dollar, have no choice but to trundle sluggishly higher, following the path of inflation and devaluation. Free shares, on the other hand, are moving relentlessly in the opposite direction, since the absence of buyers leaves them nowhere to go but down.

The last week saw a gradual decline in the volume of both shares and bonds, as interest in the markets continued to decline to ever-lower depths. The fundamental reason for this disinterest is not hard to fathom. The latest round of increases in interest rates, on both deposits and overdrafts, has intensified the feeling that there is no rationale for taking risks on the stock exchange when money can earn in the order of 20 per cent monthly on fixed short-term deposits in the bank. This rate of return is still comfortably above the current inflation rate, and it is now apparent that there will be no massive rises in prices until a new government is formed.

On top of this, one need hardly point out, is the even more potent attraction of the dollar, in its various illegal and legal forms, as a fun-hole for money in this time of extreme uncertainty. Put very simply, the situation today is that it is very difficult to produce good reasons for the individual investor to put his money on the line in shares. Government bonds, of whatever maturity span, are also problematic.

The institutional investors, primarily pension and provident funds, who dominate the bond market, also work on the basis of habit. They take in new funds every month from the working population, and have no choice as to how to invest them. They are therefore able to keep the prices of index- and dollar-linked bonds moving ahead and if, as happened in July, they take in larger sums than usual, they are able to clear up the overhanging supply in the market and then are forced to buy new bonds from the government.

This is what happened at the end of July, when the Bank of Israel found its delight that its new issue of IS2 billion worth of new bonds was over-subscribed by three-and-a-half times and it rapidly increased its offer to absorb the whole seven billion of demand.

Such successes have been all too few in recent months, and if there is a fall in real wages in the coming months, they are unlikely to recur.

The regular bond market gained a respectable 4-5 per cent over the last week, against the background outlined above. Better results were obtained by the bank shares of the "arrangement" sector, which rose by over 6 per cent, and were the primary factor in the rise of 5.1 per cent in the General Share Index.

How far this statistic is from the true situation in the overall share market, may be judged by the fact that the non-bank index only rose by 1.75 per cent on the week, less than half the amount needed to cover the expected rate of inflation.

Foreign workers paid to leave West Germany

BONN. (Reuters) - About 300,000 foreign "guest workers" and their families in West Germany have accepted offers of money to go home, according to a Labour Ministry official.

Parliamentary State Secretary Wolfgang Vogt said that one of two schemes had been a success in getting people to leave.

"Guest workers" include Spaniards, Portuguese, Yugoslavs, Moroccans and South Koreans, but the schemes are regarded as aimed mainly at 1.5 million Turks, the biggest foreign community.

The government schemes are expected to cost 1.7 billion marks (\$586 million). They ran for eight months, from last November, covering only foreigners becoming unemployed during that period.

The opposition called the schemes discriminatory, but the government said they were an attempt to ease unemployment and hostility towards the 4.5 million foreigners living here.

Vogt said on Friday that 16,800 "guest workers" - 2,000 fewer than expected - applied for grants of 10,500 marks (\$3,600) each and 1,500 marks (\$517) per child. But 140,000 workers - three times the total expected - applied under another scheme giving national pension refunds in three months instead of two years, if they left.

Los Angeles merchants disappointed by Olympics

LOS ANGELES (AP) - There are empty streets in business districts and empty tills for merchants. Apparently, summer Olympic doomsday forecasts about crowds and traffic jams convinced tourists to stay away from Los Angeles.

For months before the Games, officials predicted choked freeways, overbooked events, hand-to-hand combat for \$50 parking spaces, and general chaos as Olympic visitors vied with other tourists and residents for facilities.

But now, amusement parks, hotels away from venue sites, taxi and limousine services, souvenir vendors and even escort services find the warnings have scared off their usual business, or at least kept away anything additional.

At Los Angeles International Airport, where construction crews raced to complete a new terminal before the Games started, no surge of visitors has been noticed.

The Greater Los Angeles visitors and convention bureau reported a vacancy of more than 6,970 rooms for the week.

Major theme parks in Southern California also felt the pinch.

"While some locals may have left because of the horror stories, it has also kept many tourists away," said a Disneyland spokesman.

Limousine service owners, who raised Olympic rates to \$1,500 a day, 10-day minimum, soon had to return to normal rates, \$40 an hour with a three-hour minimum, according to Starlight Limousine in Beverly Hills.

Near the Los Angeles Memorial Coliseum, merchants complained that Olympic crowds are being shuttled by buses to unloading areas that take them straight into the Coliseum, bypassing their businesses.

Japanese trade expanding at expense of Europe, not U.S.

NEW YORK (AP) - Japan's well-publicized export gains in recent years have come mostly at the expense of Europe, not the U.S., according to a report published recently by the New York Stock Exchange.

American manufacturers are widely held to be growing anemic and losing their competitive edge, but the U.S. has held its own in world trade, the report argued.

Although the U.S. is running up record trade deficits, "U.S. trade performance has been considerably better than is widely believed," the report said.

It said that in the decade between 1972 and 1982, the U.S. maintained its share of overall international trade at approximately 12 per cent.

William C. Freund, the exchange's senior chief economist and director of the study, said the U.S. industrial world were "isolated in four major problem areas - autos, steel, shoes and textiles."

While the problem industries, especially automobiles and steel, are major employers, they still represent only 20 per cent of all U.S. manufacturing, he said.

In other sectors, such as computers, aerospace, chemicals and office equipment, the U.S. dominates the world export market, he said.

The study compared 40 industries in the U.S., Canada, Belgium, Japan, France, Italy, The Netherlands, Britain and West Germany.

The report should help "demolish some myths that have arisen about American industry," Freund said.

He conceded that many U.S. exporters have been suffering heavy losses recently. The U.S. ran up a record \$69.4 billion deficit in merchandise trade in 1983, and the trade gap already has hit \$59.8b. in the first half of this year.

But Freund said, "it is the high value of the American dollar, rather than poor competitiveness of American industry...that is hurting exports."

"This suggests that perhaps the government should address high budget deficits and interest rates before it starts getting involved in economic policy," he said.

Plea by manufacturers: 'Return to honest work and spurn Luftgeschäften'

By MACABEE DEAN
Jerusalem Post Reporter

TEL AVIV. - The latest government steps are so contradictory that the best conclusion that can be drawn is that the authorities are losing control of the situation which continues to deteriorate. Moreover, those authorities go on with their practice of trying to solve problems by hastily devised short-term solutions, and not by drawing up a well-thought-out long-range solution.

This is the opinion recently expressed separately by various members of the Manufacturers Association, who reiterated that "this country must live by efficient production and exporting, not by juggling figures in the hope that a magic solution can be found."

They divided the recent government steps into three steps. First, the freeze on hiring new staff in the public services for three months.

"Most persons who want to work for the government will prefer to wait out these three months until job openings appear in the civil services. Most of them will not even consider going into industry," one electronics manufacturer said. "And let us assume that some do agree to switch from sitting behind a desk and looking important to productive work. We need highly skilled technicians, not clerks. It takes years to train a person in the field of electronics."

But even if these "clerks" were willing to go into industry, the industrial establishment is also facing hard times due to the government moves.

The three-month freeze on placing new orders with industry will cause production to fall considerably. The exact amount of the drop varies from plant to plant, and those hardest hit are those in the fields of electronics and metal goods, most of whose products are tailored to fit the needs of the defence establishment or of government agencies. Those who are mainly export-oriented will come off much easier.

But one industrialist working for the local market said that he expected a cut-back in production of as much as 25 per cent, since his biggest buyer, the government, was now out of the market for three months.

"The obvious solution would be to export our goods and not to cut back production. But you just can't start exporting from today to tomorrow."

And even if the industrialists, especially those hardest hit by the government freeze on purchases, do find markets abroad, a government step taken ten days ago makes these markets much more unprofitable.

One industrialist pointed out that when Finance Minister Yigal Cohen-Orgad "took over at the end of last year, he worked out an arrangement (according to this industrialist) whereby the authorities "would play around with the exchange rate, but compensate us through exchange rate insurance, and by cheap sickle loans."

"This method did help us, and from both sources we were able to get a 17 per cent premium on every dollar of our income," he said.

But this began to cost the government "literally billions of shekels each month." According to one estimate, of the IS95 billion the government printed in July, some IS30b. went to the exporters to cover the "cheap" shekel loans.

Under the system, an exporter could borrow up to 45 per cent of his dollar earnings in shekels to finance his activities. He paid a negative interest rate on these shekel loans, about 100 per cent a year. In an economy in which inflation is running at 400 per cent a year, the 100 per cent interest rate was ridiculously small, and the exporter made a considerable amount from taking such loans. Recently, the government cut down the size of these loans from 45 per cent of his dollar earnings to 30 per cent.

"This cut down our profits considerably, by three to four per cent in real terms," one exporter said.

Asked what the solution was, one industrialist said that it was simple. "Re-educate the people to rely on work for a living, not on Luftgeschäften (wheeling and dealing). Return to the ideals that permeated this country when it was founded."

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ONE-AND-ONE CROSSWORD

ACROSS

- Emergency order when a reshuffle is necessary (3, 5, 2, 4)
- One yard and a third enjoyed by a cat but not by a bird (4, 4)
- Anything that occurred in the Seventies (5)
- Didn't leave pass after inspection (4)
- Go out with children to a Scottish birth (5, 5)
- Where witness finds himself when held by the case (2, 3, 3)
- Contribute to a bit of potato frying (4, 2)
- They add runs to the Fleet Street presses (6)
- Head-scarf kept in a locker chiefly (8)
- Not worthy of consideration after being 15 (3, 2, 5)
- Lied in order to be lazy (4)
- Hang on tightly to 100 fish (5)
- Currently newsworthy is about right when it's really hot (8)
- Sent substitute on to the field for a while and avoided sciatica? (6, 4, 4)

DOWN

- Cave used as observation post? (4, 3)
- What the pompous song-die enthusiast puts on (4)
- Speed up now that the wintry road is blocked (4, 4)
- "Lipster" goes to work to avoid taking part (3, 3)
- A live wire could make one meet a frightening end (3, 2, 5)
- Lidy news for pilot leaving fogbound airport (5, 2)
- Anxiety to go to the church-podist? (7, 4)
- Militant trade unionists form military spearhead (6, 5)
- Advocate contest (5, 5)
- Press suggests that Winnie is depressed (4, 4)
- Birds cite Tim improperly (7)
- State of the subcontinent and North America (7)
- Hoot Heath and get sacked (6)
- Don't hit the little madam (4)

QUICK CROSSWORD

ACROSS

- Visitor
- Physician

DOWN

- Attempted
- Claw
- Stringed instrument
- Bright planet
- Animal
- Aperture in one armed bandit
- Fit out
- Revel noisily
- Tranquil
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SWEDEN	KRONA	34.6079 35.0398	33.8500 35.5200
NORWAY	KRONE	34.8870 35.3224	34.1200 35.6100
DENMARK	KRONE	27.4861 27.8291	26.8800 28.2100
FINLAND	MARK	47.7223 48.3178	46.6800 48.9900
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Sports

MEDAL TABLE				
	G	S	B	Total
U.S.	29	19	7	55
West Germany	16	9	7	32
China	8	3	5	16
Australia	2	4	7	13
Canada	4	5	3	12
Romania	2	1	4	7
Italy	2	1	4	7
Britain	1	2	7	10
Japan	3	1	5	9
Sweden	0	5	4	9
France	1	2	3	6
Holland	1	1	3	5
Mexico	1	1	3	5
Finland	1	1	2	4
Yugoslavia	1	0	2	3
Switzerland	0	1	2	3
Belgium	1	0	1	2
Korea	1	0	1	2
Greece	0	1	1	2
N. Zealand	1	0	0	1
Austria	0	1	0	1
Dr. J. Kim	0	1	0	1
Columbia	0	1	0	1
Peru	0	1	0	1
Norway	0	0	1	1
Taiwan	0	0	1	1
Venezuela	0	0	1	1

Rumanians row ahead

LAKA CASITAS (AP). — Valeria Laca pocketed Romania's fifth gold medal of the day as women's rowing got under way. Racia, the odds-on favorite breezed to a scull's victory by more than a boat length over silver-medal winner Charlotte Geer of the U.S. Romania also won the women's pairs and double sculls without coxswain and the women's four with coxswain and the quadruple sculls for a great sweep.

Double talk

LOS ANGELES (AP). — With at least 7,800 athletes from 140 countries all in the same competition, conversation is bound to be difficult. But Mexican swimmer Sara Guido needs two translators just to talk to her coach. Guido was born and raised in Texas, but has dual citizenship because her father was born in Mexico. She speaks almost no Spanish. "I've had a tough time," she said. "I have to use an interpreter all the time — even to find the bathrooms. And, to top it off, my head coach speaks German. So someone translates German to Spanish for the rest of the team, then someone else translates into English for me."

Heavyweight wrestling champ licks cancer too

By DOUG TUCKER
LOS ANGELES (AP). — The doctors who told Jeff Blatnick to give up wrestling and concentrate on his cancer treatments probably never dreamed of winning an Olympic gold medal. But Blatnick did. And, finally, after several arguments, the 25-year-old Blatnick, a self-described "lover of life," struck a deal with his doctors: he would submit to therapy if they would not ask him to quit a job he loved. Last Thursday night, two years and two weeks after he was told he had Hodgkin's Disease, Blatnick fell to his knees and cried after defeating Thomas Johansson of Sweden 2-0 to win the gold medal in the over-220, super-heavyweight Greco-Roman division. It was a wildly improbable ending to a two-year odyssey that began in May, 1982, when small lumps suddenly began growing in his neck. And it left the gregarious Blatnick choked with emotion. "I'm a happy dude," he said after his triumph. "I'm really happy that we could do this," he said. Blatnick was lifting weights in May 1982 when he first noticed small lumps growing in his neck. He prayed they would go away. When they didn't, he went to a doctor and learned in July that he was a 25-year-old cancer victim. The toughest thing was telling his parents, Carl and Angela Blatnick of New York, who had lost their oldest son, David, two years earlier in a motorcycle accident. Step no. 1 on his road to recovery was coming to an understanding with doctors — he would submit to treatment if they would not make him quit like a sick person. "I never really felt sick," he said. "I just attacked it like everything else." Step no. 2 was an operation to remove his spleen, which led to the discovery that the disease was in its earliest stage. His experience as a world-class wrestler helped him get through the ordeal with less stress than people would expect, Blatnick said. "I had travelled to Europe three or four times, I'd been to Russia, Mexico, all over the United States, and all that travel makes you feel easy being alone," he said. "As it turned out, I went through most of this alone. I refused to live at home during the radiation treatments because I did not want my parents to see me getting weaker. It would have shown on their faces." Doctors were angry when he ignored orders to give up workouts and showers. "I thought, 'until I do feel sick, I'm not going to act sick,'" he said. "I saw no reason to change anything. Mind over matter had always worked for me before."

Olympian appetites match competition

By NORM CLARKE
LOS ANGELES (AP). — Tons of char-broiled steak, hundreds of thousands of apples and nearly two million cups of ice cream are being devoured by Olympic athletes in what will add up to more than a million meals. "It's a food fiend's 'paradise,'" while we can't compete with mom's cooking, you won't find this kind of quality anywhere," said Ed Krein, food production manager for the official Olympic cooks. "They love steaks, just about everyone's having them, even at breakfast," he added. By the time the Summer Games end in a week's time, Krein's 3,000-member staff expects to serve 1.2 million meals, including 20,000 box lunches per day and 15 tons of T-bone steak. "We're not talking pounds, we're talking tons," said Krein. Incorporating staples from all five continents, Krein has made up one of the most extensive menus in Olympic history. With fare that runs from chilled avocado soup to zucchini parmesan, the list of provisions is endless: six tons of beef, 4.5 tons of swordfish, 138,600 eggs, 28,500 lbs. of cheese, 4,250 kgs. of bean sprouts and almost 600,000 red delicious apples. Athletes are finding something for everyone at the food counters. If tastes run toward French, there are three types of pate — liver, shrimp

New teenaged prince and princess outdistance the fancied opposition

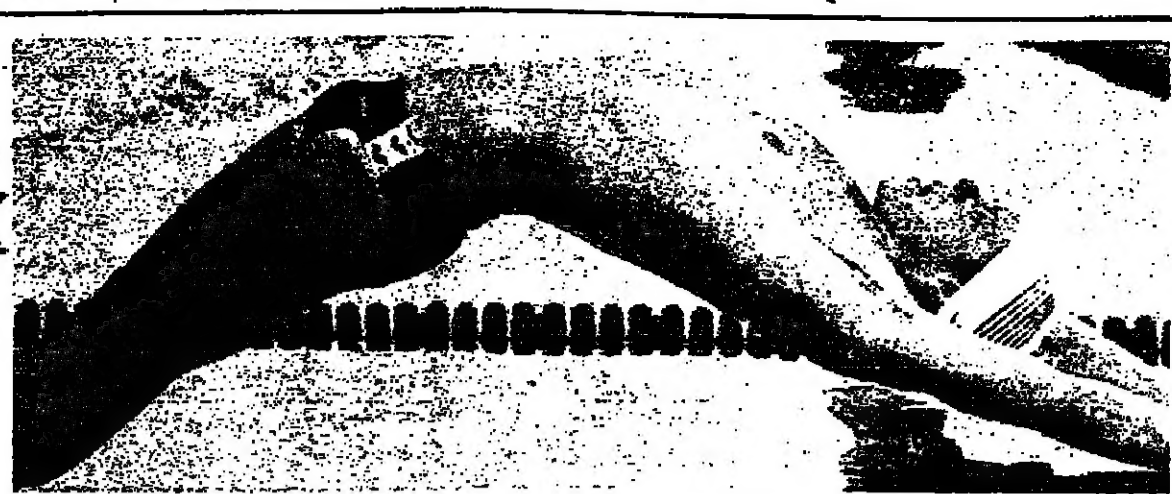
LOS ANGELES. — An unheralded Australian teenager swam to glory in the Olympics 200 metres butterfly, and thousands of Los Angeles commuters scored an equally unexpected triumph in a rush-hour race to get home on Friday as the XXIII Olympic Games moved into their first action-packed weekend. Seventeen-year-old Jon Sieben, little known outside his Brisbane home where they call him "the pocket rocket," clipped the wings of weary West German "Albatross man" Michael Gross in the Olympic pool. It was one of the biggest upsets of the Games. Sieben became an instant hero in the boycott-marred Olympics that had until then had few moments of great suspense.

ROCKET AUSSIE

"They had said it took four Americans to stop Michael Gross in the relay, but we only needed one good Aussie." That shout, by breaststroke medalist Peter Evans, summed up the Australian swimming camp's joy at unknown Jon Sieben had his major upset. He shattered superstar Gross, grabbing his world record and the 200 metres butterfly gold, with a time of 1:57.04. Sieben, 17, was ranked only 26th in the world last year. He became the latest Australian prodigy to jump into the limelight at the games — and he loved every second of it. "At the moment, I feel great, like Gross is supposed to be. It's great to be Aussie," Sieben said as he opened his first press conference after winning his biggest victory in the event dubbed "the man's race."

SOURER-GRAPES

The Soviet press has renewed its criticism of the 1984 games, calling one event "senseless" because its athletes weren't competing and



BACKWARD GENIUS: Rick Carey setting off for the second of his backstroke golds for the U.S. in the swimming pool.

scorning U.S. pride in athletic victories as jingoistic. "The rowing tournament... resembles a wedding with the bride and groom absent," said *Soviet Sports* in a survey of events in L.A. The fact that the Soviet and East German rowers are absent makes the regatta senseless.

MEXICAN GLORY

Mexico's world champion Ernesto Canto claimed the first athletics gold medal when he won the 20 kilometres walk in Olympic record time. The diminutive Canto, winner of the inaugural world title last year, strode across the finish line in one hour 23 minutes 13 seconds, breaking Italian Maurizio Damilano's 1980 best of 1:23.36.

Decker's warning

EUGENE, Oregon (Reuter). — U.S. Olympic medal hope Mary Decker set a world record in a 2,000-metre non-Olympic competition here, breaking the previous mark set by Britain's Zola Budd. Decker, 26, who will run against Budd in the Olympic 3,000 metres, ran the race in five minutes 37.70 seconds. The previous best time was 5:33.15. "It was the boost that I needed," said Decker. "People have been making such a big deal over Zola Budd. I thought it would be a mental boost to run faster than her," she said. Within hours of Decker's record, Tass claimed from Moscow that Tatyana Kazankina of the Soviet Union had smashed the world record for the 2,000m. Kazankina was said to have clocked five minutes 23.72 seconds at an athletics meeting in Moscow, beating Decker's time by nearly 9 seconds. Kazankina won a 1,500 metres gold medal in the 1980 Moscow Games.

Challenger to the mighty Moses

LOS ANGELES (Reuter). — An Olympic gold medal victory over the mighty Edwin Moses is the one thing that can lure teenage American flyer Danny Harris away from football, his first sporting love. Harris, 18, amazed everyone by running Moses so close in the 400 metres hurdles in the U.S. Olympic trials, setting a world junior record and beating all but Moses in the final. His semifinal time there of 48.02 made him the fifth fastest man in the event ever, and Moses had to dip below 48 seconds twice to maintain a seven-year winning streak of 102 races.

MOSES — Invincible indeed?

Ed's race is his finish. The only weak thing about my race is my start, so I must improve on that," Harris said. "Edwin and I get along pretty well, though we aren't best friends or anything. When you're off the track there's time to talk, but when you're on the track everyone knows what you're out to do — you're out to win. We have never worked out together. Ed's a good guy. It's just going to be a good race. I feel good about myself and I'm sure Ed feels good about himself. I'm just waiting to go out and run my best," he said. "I did feel I had the talent to be good. When I ran a 53 in my first 400 metre race I realized I had to work hard — which I've done to get where I am now. I think I'm going to do well."



MOSES — Invincible indeed?

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True to form

Post Sports Reporter
CAESAREA. — Yaacov Avnaim took off this weekend precisely where he left off last. The five handicap golfer from Or Akiva who learned the game as a caddy shot another fine round of 70 net on the 73 par course to take the A Division title in Friday's individual stroke play competition at the local course. Triumphant in the B Division was Avshalom Amelievitz of Hadera who took up the game only four months ago. He recorded a 68 net. Veterans Elie Ben continued his fine form too, winning yesterday's parallel event with a 70 net.

Kiwis booted home

BRISBANE (Reuter). — Fullback Robbie Deans booted New Zealand to victory in the second Rugby Union Test against Australia in Brisbane. Deans landed five penalty goals as the All Blacks leveled the Test series with a 19-15 victory. Centre Steve Pople scored New Zealand's only try. The Wallabies had led 12-6 at half time.

Though not superpower Israelis are highly popular

By TOM TUGEND
Jerusalem Post Correspondent
LOS ANGELES. — Israel's athletic fortunes have begun to look distinctively up. Pride of place has gone to the yachtsman and marksman Yitzhak Yonassi.

Yonassi gained eighth place in the air rifle event with a score of 582 out of a possible 600, bettering the Israeli record by a full ten points. Teammate Yair Davidovitz had to drop out because of a painful back condition.

The yachtsmen have continued to do fairly well after the fourth of their seven races. The "Flying Dutchman" team of Yoel Sela and Eldad Amir have put themselves in the surprisingly strong sixth place overall. This after finishing third in the 3rd race and pronouncing confidently "We're after the bronze."

By contrast, Shimon Brockman and Eytan Friedlander, touted as Israel's best chance for a medal in the "470" class, ranked only a disappointing eleventh after the fourth race. Eli Friedlander, who has been closely watching his son's performance at Long Beach harbour, said, "Of course we are disappointed. We are going to spend some long hours tonight trying to figure out how to do better in the last three races."

In the windglider class, Yehuda Atedji stood in 13th place having taken fifth spot in the fourth race. On the first day of track and field competition, Mark Handelsman placed fourth in his initial heat in the 800m, with a time of 1:47.90, two seconds off his best form. It was an extremely close race, with less than eight-tenths of a second separating winner Edwin Koch of Kenya from Handelsman and the 3rd-place runner Alberto Guimaraes of Brazil was only .18 seconds ahead.

Handelsman was rather unfortunate to have been drawn in a particularly difficult heat since only three from each heat qualify automatically for the semi-final. There were several third placers in the other eight races who had poorer times. Argentina also went out in the first round of the 10,000m, finishing his heat 10th in a time of 29:31.32.

A technical fault cost Yitzhak Chatuel a place in the fencing finals as he floored an opponent in error. The resulting penalty point cost him a place among the top eight and he had happily to be content with ninth spot.

Among the women fencers Nili Drori did best, finishing 17th in the individual foil after reaching the third round, with Lydia Chatel taking 24th spot after elimination in round two. Sweden's Helle Rindholm advanced to sixth out of the eight starters in the women's 200m, butterfly heats. She was timed in 2:22.78.

Despite their modest ratings in competition, the Israeli team has been the focus of considerable press attention and is especially popular. Although all ceremonial appearances by the team are shadowed by heavy security, individual athletes have been able to slip out to the beach and for dates in Westwood, adjoining the UCLA Olympic Village.

Costly error

LOS ANGELES (Reuter). — Mark Todd of New Zealand, riding Charisma, jumped faultlessly on Friday to win the Equestrian three-day event individual gold medal in a dramatic last-gasp finish.

But the strong U.S. quartet took the team gold medal, holding off Britain by the barest of margins at the Santa Anita racetrack. The British took the silver and West Germany the bronze.

Todd, a 28-year-old dairy farmer, grabbed the gold when Karen Stives of the U.S. on Ben Arken, leading before the final show-jumping phase and the last competitor to jump, knocked down the second fence of the triple combination. Her error left her with the individual silver medal, just ahead of Britain's Virginia Holgate on Priceline.

Todd, his gold medal around his neck, said: "It feels fantastic. He's one hell of a horse. He does good driving, he's a machine at cross-country and his show-jumping is okay." He said he could hardly bear to watch at Silver completed her round. "I must admit I saw the rail go down and I immediately thought, 'it's happened. I feel sorry for Karen but that's the name of the game.'"

SOCCER: West Germany crushed Saudi Arabia 6-0 and gained a berth in the quarter-finals. Brazil, who blanked Morocco 3-0, ended up winning all three preliminary matches. Yugoslavia, also already through to the quarter-finals, beat Iraq 4-2, and Canada, quarterfinalists defeated Cameroon 3-1. Brazil meet Canada and Yugoslavia play West Germany. In the other quarter-final matches, Chile play Italy and France face Egypt, the surprise qualifier.

AMERICAN BASEBALL

Mets need to forget awful week

NEW YORK (AP). — George Foster belted a two-run homer and Kelvin Chapman and Jerry Martin added solo shots as the New York Mets, behind Walt Terrell's five-hitter, beat the Pittsburgh Pirates 4-1 on Friday night to snap a seven-game losing streak.

AMERICAN LEAGUE			
East Division			
	W	L	Pct.
Detroit	72	35	.673
Toronto	61	45	.575
Baltimore	58	49	.542
Boston	54	51	.514
New York	54	52	.509
Milwaukee	47	62	.431
Cleveland	45	61	.425

West Division			
	W	L	Pct.
Minnesota	55	51	.519
California	55	52	.514
Chicago	52	54	.491
Kansas City	51	56	.477
Oakland	50	60	.455
Seattle	50	60	.455
Texas	46	62	.426

Friday's Games: New York 9, Cleveland 0 and 3-2; Kansas City 9, Detroit 4; Texas 4, Boston 3; 10 innings; Toronto 5, Baltimore 2; Chicago 5, Milwaukee 1; Oakland 5, Seattle 3 and 11-7; Minnesota 4, California 2. Thursday's Games: Detroit 2, Cleveland 1; Pittsburgh 6, New York 4; San Francisco 5, Cincinnati 2; Philadelphia 3, St. Louis 2. The sports pages are edited by Philip Gilton and Yaron Kenan.



DISAPPOINTMENT: Mark Handelsman — only fourth in his heat.

(UPI telephoto)

In the first heady days after their arrival, a few of the more carefree men went sightseeing on their own, sporting T-shirts with their Israeli Olympic emblem, but security clamps have been tightened considerably since then.

Nevertheless, the male athletes continue to enjoy unabashed popularity among the local female population, both among young women working at the Olympic village and Jewish ladies attending official receptions for the team. According to observations by this eyewitness, the advances have not been rebuffed by the gallant Israeli sportsmen.

Another upbeat note: In the extremely active trading market in National Olympic pins, the Israeli pin — in contrast to the shekel — is considered as one of the most valuable.

In addition to Israelis, there are close to 20 Jews in the American team and three each on the British and Canadian teams.

There was a brief flurry of excitement that U.S. swimmer Tiffany Cohen had won the first "Jewish" medal of the 1984 Olympics when she took top honors in the 400m freestyle. A closer check revealed, however, that although Tiffany's father is Jewish, her mother is Catholic and the 18-year-old swimmer has not been raised as a Jew.

There is a Cohen — Richard — in the British fencing team, who is also not Jewish.

There is no doubt about the Jewishness of Mitchell ("Mitch") Gaylord of Los Angeles, who helped lead the American Gymnastics team to a gold medal after an upset victory over the Chinese.

Gaylord, who won seven gold medals at the 1981 Maccabiah Games, speaks some Hebrew, while his mother teaches Israeli folkdancing. Although otherwise in seclusion, Gaylord has attended two functions honouring the Israeli team.

TEAM SPORTS

MEN'S BASKETBALL: The U.S. trounced Wales 120-42, setting up a showdown late night against Spain. Both teams were 4-0 in Group B after Spain beat China 102-43. In Group A, both Italy and Yugoslavia are also 4-0.

HOCKEY: The surprise packet Britain kept a perfect record, beating New Zealand 1-0 while Holland, also unbeaten, drew 3-3 with Pakistan in Group B action. The three sides are battling for the two semi-final places. In Group A both Australia and India have 3-0 records.

WATER POLO: Australia gained the sixth and final spot in the medal round, beating Japan 15-2. The U.S. downed previously unbeaten Spain 10-8. West Germany, already in the medal round, ended its hopes of advancing with a 10-4 victory. Yugoslavia beat Holland 9-5 in a battle between two previously unbeaten teams, but both will advance.

BASKETBALL: Japan improved their record to 3-0 with a 18-1 triumph over Nicaragua. South Korea improved to 2-1 with a 3-1 victory over Canada.

Glickstein thrashed

Post Sports Staff
Israeli champion Shlomo Glickstein was bounced out of the Volvo Grand Prix tennis tournament in New Conway, New Hampshire taking a thrashing at the hands of the tall Paraguayan Victor Pecci. The result of their third round match was 6-2, 6-1. Glickstein had earlier put out the Spaniard Gabriel Ortega 2-6, 6-4, 7-5 in the 2nd round. Hopes for the tournament champion in Jimm Connors won in 1980 remained alive as unseeded Jay Lapidus, Blaine Willenborg and Tom Wilkerson all advanced.

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Disservice to peace

CAIRO has wisely refrained from making controversial statements about its cold peace with Israel during the long weeks of Israel's election campaign. It held correctly that such statements might be interpreted as an attempt to interfere with Israel's democratic process, thus rendering them counterproductive.

It is disconcerting that the restraint and wisdom of Egypt's rulers did not stand them in good stead also after the elections. President Hosni Mubarak's statement last week, upping the ante regarding Cairo's conditions under which an Egyptian ambassador would return to Tel Aviv, is a case in point. These conditions no longer speak of a detailed time-table for Israel's withdrawal from Lebanon, which Cairo had demanded previously, but now demand completion of Israel's withdrawal as a prior condition.

Moreover, the Egyptian president has now included demands that Israel make progress on the Palestinian problem, whatever this may mean, and move towards a solution of the Tabá border dispute.

It is precisely in the interest of making progress over these issues that the presence in Israel of an Egyptian envoy at ambassadorial level is sorely needed.

As to Israel's readiness to withdraw its troops from Lebanon under appropriate security arrangements that would safeguard its northern border, it is an open secret that this is one issue over which there is very little disagreement between Likud and Labour policymakers. If anything, an additional withdrawal in Southern Lebanon by the present government was held up because of the elections, lest it be interpreted as further proof of the failure of Israel's so-called "Operation Peace for Galilee."

Cairo should have remembered that its attitude was far less rigid in the past and that the 30th anniversary of its officers' revolution - Egypt's national day - was celebrated in Israel with a lavish reception on July 23 two years ago by its first ambassador, Sa'ad Mordada, when the war in Lebanon was in its seventh week.

Another disturbing case in point is Cairo's recent decision to call for an international Middle East peace conference with the participation of the Soviet Union, as stated by the Egyptian charge d'affaires Mohammed Bassiouny in an interview with this newspaper on the eve of the elections two weeks ago. It was perhaps no coincidence that Moscow came out with a similar idea exactly one week later.

President Mubarak would have done well to recall that it was precisely a renewed Soviet attempt to revive such a Geneva-type conference, as expressed in the joint U.S.-Soviet communiqué of October 1977, which prompted his predecessor, the late President Sadat, to embark on his own direct peace initiative with Israel.

Although it may take nearly two months, if not more, until a new coalition government is formed, Cairo would have done well to hold its verbal fire until the identity of Israel's new government becomes known.

As matters stand now, chances are that Israel may yet have a broad Labour-Likud coalition, or possibly a narrow, Labour-led coalition government. In either case, some of the more nationalist features of Israel's policy, such as stepped-up settlement in the West Bank, which were detrimental to the peace process will have to be held in abeyance. That would apply even in the event that drawn-out coalition talks end up in a narrow Likud-led coalition government, since this would not be possible without the three Knesset seats of former defence minister Ezer Weizman, a consistent champion of the peace with Egypt.

Egypt ought to realize that, at least, half of Israel's electorate has voted for the peace option two weeks ago and that the kind of statements which again emanate from Cairo only serve to encourage extremist trends on both sides of the border and are a disservice to peace.

LEBANESE AMEND

(Continued from Page One)

road as far as the village of Damour, 18 kilometers south.

The road to Damascus would be open for the first time since last September, when a sudden Israeli withdrawal brought the PSP into war with the "Lebanese Forces" and the army.

The new proposals appeared to fall short of satisfying Berri's demand that the army control the coast up to Israeli lines at the Awali River, 17 km. beyond Damour.

Berri, leader of the Shi'ite militia Amal, wants to ensure quick and easy access to the Israeli-occupied South, which is overwhelmingly Shi'ite. The coast road is currently blocked at Damour, either by the Israelis or by the "Lebanese Forces."

The Lebanese Army, reunited this summer after veteran politician Karamneh formed his "government of national unity", has already taken charge of security in most of Beirut.

But militiamen still appear on the streets from time-to-time, setting up

checkpoints and driving around in military vehicles with impunity. Karamneh's eventual aim is to extend the government's authority throughout the country by persuading party militias to hand over their positions and arms to regular troops and police.

Meanwhile, Muslim militias loyal to and opposed to Syria traded hit-and-run grenade assaults and mortar barrages in Tripoli yesterday. Police said three more people were killed and nine wounded in the new fighting for dominance of Lebanon's second-largest city.

Taking the same pattern as in the previous two days, the fighting slackened at daybreak, allowing hundreds of students to go to their secondary school exams.

Heavy sniping broke out in Tripoli late yesterday evening, shattering a daylong lull in the fighting for dominance between the militias.

They said two civilians were wounded in the fresh hostilities, bringing to five killed and 23 wounded the overall casualty toll on the third straight day of fighting.

SHIPS HIT

(Continued from Page One)

ble distress signals from vessels using the Bab al-Mandeb strait linking the Red Sea and the Indian Ocean.

But Yemeni officials and shipping sources in Saudi Arabia said traffic had not been disrupted by the incidents. There had been no apparent effect on oil movements from the Saudi Red Sea port of Yanbu.

The explosions off North Yemen

followed other mysterious blasts which hit five merchant ships in the Gulf of Suez since July 10, prompting the Egyptian government to seek help of a U.S. survey team.

In Washington, defence officials said U.S. Navy CH-53H mine-sweeping helicopters were on standby at Oceana Naval Air Base near Norfolk, Virginia, ready to go to the Gulf of Suez if needed to clear the water of mines.

The explosions followed a claim last week by a caller purporting to speak for a group calling itself the "Jihad Organization" who told news agencies in London his group had planted 190 mines in the Gulf of Suez and Bab al-Mandeb.

Newspapers in the gulf yesterday expressed concern over the incidents, which they said aimed at undermining the security of countries along the Red Sea.

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EVERY AUTUMN, Israel is supposed to present the United States with a detailed document outlining its economic and military aid needs for the coming fiscal year. This so-called "white paper", usually numbering about 100 pages, is prepared jointly by the defence and finance ministries.

Senior officials at the State Department, the White House, the Pentagon, the Agency for International Development, the Treasury, the Office of Management and Budget and the Central Intelligence Agency carefully study the paper in advance of submitting to the President their recommended levels of assistance to Israel in the coming foreign aid package. The President, after some internal debate and consideration, is then to include that aid package in his annual budget proposal, sent to Congress at the end of January.

But given the chaotic political situation in Israel following the elections, most U.S. and Israeli officials in Washington recognize that this year's Israeli white paper is not likely to reach the Americans for some time. Until a new government is established - one that has a specific economic programme ready for implementation - there is no way the military and economic technocrats in Israel can prepare the study. The Americans want to hear specifics this year.

Secretary of State George Shultz, himself an economist with a great interest in the plight of the Israeli economy, has made clear in recent months that he wants to see Israel come up with a specific plan to tackle these economic problems. The U.S., he has said, is not about to simply provide increased financial assistance to Israel. That, by itself, is no real solution to what the Americans see as some basic "structural problems" facing the Israeli economy.

THESE DEFECTS, Shultz has told Israeli officials in many meetings over the course of the past two years, must be addressed urgently. The U.S. is not anxious to come forward with a blueprint of its own on what Israel must do to put its economic house in order. Israeli economists, U.S. officials said, know where the

THE RESULTS of the July 23 elections have revealed a major change in the make-up of the Israeli left - that is in the dramatic increase in votes for parties which are to the left of, or more dovish than, the Alignment.

There is an old argument on the Israeli left, and particularly in Mapam, as to whether room exists for a party between Labour and the communists. This is simply an Israeli translation of the old debate, one which still occupies European politics, as to whether there can be anything between Leninism and Social Democracy.

The European experience gave little evidence, until recently, that such room existed. Attempts going back to the 1920s to found parties which would be neither moderate social democracies nor Leninist vanguards consistently failed. The international organization of those parties, ironically called the "Two-and-a-half International" eventually returned to the fold of the Second, or Socialist International.

Recently the debate has been reawakened in Europe in a number of countries thanks to several dramatic developments. Francois Mitterand's Socialist Party aimed to be something in between traditional social democracy and Stalinism, and has largely succeeded in staying that way. And the Greens in West Germany have also attempted to fit in

THE ECONOMIC IMPERATIVE

By WOLF BLITZER

problems are - inflation, the drain on foreign exchange, and the loss of productivity in relation to wages and other benefits.

Still, Shultz and his aides, bolstered by the advice of other private U.S. economists such as Prof. Herbert Stein, of course have some ideas on what Israel must do. For one thing, there is a strong consensus in Washington that Israel's sophisticated indexation system must be drastically cut back and eventually even eliminated. Otherwise, they believe, the incentive for reducing inflation is automatically diminished.

Shultz had been intrigued by former finance minister Yoram Aridor's "dollarization" scheme. The secretary would have been prepared to cooperate with it by authorizing some direct U.S. financial subsidies during the transition period. That would have eliminated inflation in almost one fell swoop. But various considerations, including national pride, made that proposal politically impossible.

Some U.S. officials, however, remain convinced that Israel, in the end, must become more disciplined in cutting back its budget, especially in such areas as subsidies for its exports and arms industries. Shultz and other Reagan administration officials are prepared to increase U.S. financial assistance, but not before they are convinced that Israel first is doing everything it can to resolve its economic problems.

THERE IS a widespread notion in Washington - in the Reagan administration as well as on Capitol Hill - that Israel is nowhere near that point. Indeed, congressmen and senators who visit Israel are often struck by what they say is the relative

affluence of the society, in marked contrast to their earlier perceived perception of deep economic pain and suffering in the country.

In America, the concept of 400 per cent inflation is staggering but clearly misleading, given the indexation of almost everything in Israel. U.S. congressmen recall the difficulties of 20 per cent inflation during the Carter administration.

This appearance of affluence in Israel - underlined by the many new cars, the colour television sets and video recorders and other similarly expensive consumer items - is a source of considerable embarrassment to Israeli officials and American Jewish political activists who have to lobby the administration and the Congress for more aid to Israel.

Many U.S. lawmakers leave Israel somewhat offended by this conspicuous consumption of luxury goods, although they rarely express themselves on the subject publicly. They see Israel as a country living, in large measure, on the American dole and that it should drastically cut back its standard of living before seeking more U.S. aid. There is a sense that Israel has not done enough; more austerity measures are needed.

The explanations of Israeli officials and their American supporters are not always accepted. Basically, they point out that the high inflation in Israel makes bank savings unattractive. Israelis, they note, have an incentive to keep their money in actual capital goods which tend to retain their value better than savings accounts.

ALL OF THIS is very relevant today. Still pending before Congress is the economic and military aid package for the 1985 fiscal year. Israel is slated to receive \$1.4 billion in milit-

ary grants and another \$1.2 billion in economic grants.

For the first time, the current bill does not include any loans for Israel; all of the funds are an outright gift, with no repayment necessary.

The conversion of the aid into all grants, of course, represented a major victory for Israel. Accepting U.S. loans, even at extremely favourable interest rates, also increased Israel's debt burden. The conversion to grants has reduced Israel's annual increases in external debt, which already has surpassed the \$21-billion mark. It has given Israel's economy some extra breathing space.

But Shultz and other Americans believe that this is only of short-term value. They want Israel to get to the root causes of its economic problems by addressing them directly and not simply by accepting what U.S. officials describe as more "crutches" on which to walk.

The measures envisaged by the Americans will be very painful in Israel. But, according to informed U.S. officials, avoiding the issue is simply going to make matters even worse in the long run. The dangers to the Israeli society from a false and potentially collapsing economy, according to U.S. officials, are almost as dangerous as those security problems coming from the Arab world.

ISRAELI OFFICIALS have informed Washington that it cannot afford higher unemployment as a way of reducing inflation. The Reagan administration entered office with high (for the U.S.) inflation. For the most part, it has been almost totally eliminated over the past four years. But during the first two years of the administration, unemployment in the U.S. reached

near record levels. The U.S. economy, in much better shape than Israel's, has managed to bounce back. Unemployment has been reduced.

Israel, however, fears that raising the unemployment level will result in massive emigration, especially a brain drain involving engineers, scientists and other talented people looking for work. This is something no Israeli government will tolerate, and Shultz is clearly sympathetic.

But he and other U.S. experts believe that the Israeli central bank can stop printing money simply to cover deficits - a process that fuels inflation. They also believe that Israel can impose some real price and wage freezes as well as drastically cut back on government subsidies.

"In short," one U.S. official said, "we know any serious programme will be painful. Belt-tightening always is. But Israel must cut its standard of living if it wants to get its economy together. We know it won't be easy, and we are ready to help. But Israel first has to help itself. A strong Israel needs a strong economy."

THE ADMINISTRATION will not, brutally, or even directly, link future aid increases to specific economic reforms, but everyone in Washington recognizes that that will inevitably turn out to be the case. Israeli officials in Washington are first to admit this.

This heightened U.S. sensitivity to Israel's economic problems was underlined the other day when Vice President George Bush ran into Israeli Embassy minister Benjamin Netanyahu at a social gathering.

Bush, as might have been expected, did not ask Netanyahu about the political situation in the aftermath of the Israeli election. What he wanted to know was when Israel was going to get its economic turmoil resolved. Netanyahu said Israel was working on the problem.

But the Americans, who finance a good chunk of the Israeli military and civilian budget, want more specific answers than that - and relatively quickly.

The writer is the Washington correspondent of The Jerusalem Post.

Realignment on the left

By ERIC LEE

the space between the far left and the SFD and find themselves pulled in both directions, leading to splits and a serious decline in party strength.

THE ELECTIONS for the first Knesset in 1949 gave evidence that Israel, too, might give rise to such a democratic socialist "third camp." The formation of Mapam as precisely such a force, and its winning of no less than 19 Knesset seats, gave much hope. But the 1950s and 1960s were years of realignment on the Israeli left, with a series of splits and mergers that eventually culminated in the formation of the Alignment in time for the 1969 elections.

Attempts in the 1970's to form political blocs to the left of the Alignment were notable failures. Sheli, the largest bloc, won two seats in 1977 but failed to get into the Knesset in 1981. The common wisdom on the left, and particularly

within Mapam, was that no room existed for such parties. Mapam, it was then argued, would shrivel up and die outside of the Alignment.

The results of the 1984 balloting should put that myth to rest. The opposition parties gained some 56 seats, winning about 92,500 more votes than they had won in 1981. Of those votes, no fewer than 82,500 were won by parties which are either to the left of, or more dovish than, the Alignment - the Citizens' Rights Movement, Shinui, and the Progressive List for Peace.

These gains for the left and peace parties were particularly notable in two sectors - among the Arabs and in the kibbutzim. There were a handful of kibbutzim where the Alignment was actually beaten by parties to its left, and other kibbutzim where the more dovish and more leftist parties gained 20% of the vote or more.

The opposition parties outside of the Alignment will have 12 seats in the current Knesset. This bloc equals that of the religious parties and is double the size of the bloc to the right of the Likud (Tehiya and Kach).

If for whatever reason Mapam were to leave the Alignment, the bloc of these opposition parties would hold 18 Knesset seats, representing 15 per cent of the vote. It would be a true "third camp" and the focal point of opposition to a government of national unity.

THE RISE of these parties raises a number of questions. What if Mapam had decided at its 1983 congress to break away from the Alignment as an independent party? This was the course urged at that time by six out of seven Mapam MKs, and by all four party secretaries. The standard argument used to stay in the

Alignment was the example of Sheli, a divided, tiny faction on the very margin of Israeli political life.

What if Mapam had left the Alignment and Ran Cohen's wing of Sheli had joined it (as they would have)? What if Shulamit Aloni's party had joined it? Would some labour Party doves have come in as well? And would the Progressive List for Peace have ever been formed? Would the communists have been able to hold on to their four seats with an independent Mapam competing with them? Would Lova Eliaev ever have run independently?

These questions are important because of the future. The campaign for the next Knesset has already begun. An analysis of voting patterns on the left reveals that a space has opened up which might be filled by a powerful, well-organized (and well-funded) democratic socialist party.

Such a party would be a much-needed ally for the traditional social democratic party in time of need. It would represent a new hope and new voice in Israeli politics. There is only one party which meets that definition, and can step into the breach - Mapam.

The writer is a member of Kibbutz Ein Dor and editor of the democratic socialist quarterly, The New International Review.

READERS' LETTERS

LIVING IN CHELM

To the Editor of The Jerusalem Post Sir, - Of all the whimsicalities I have read, this is a total waste of money and resources because at those hours nobody is watching, or if the audience is sufficiently large as to justify the expense, this "live" coverage will turn that audience into "the walking dead" - a nationwide collection of zombies staggering about their daily tasks after their sleepless nights. Or, alternatively, they will be sleeping it off during the day, in order to gather strength for the nightly Olympic revels.

What a contribution to the public health and the national economy! What the elections have suggested, the TV authorities apparently are trying to prove beyond doubt... that we are living in Chelm.

Instead, and presumably at great expense, we have the Olympics

"live" nightly, from midnight to four o'clock in the morning.

Either this is a total waste of money and resources because at those hours nobody is watching, or if the audience is sufficiently large as to justify the expense, this "live" coverage will turn that audience into "the walking dead" - a nationwide collection of zombies staggering about their daily tasks after their sleepless nights. Or, alternatively, they will be sleeping it off during the day, in order to gather strength for the nightly Olympic revels.

What a contribution to the public health and the national economy! What the elections have suggested, the TV authorities apparently are trying to prove beyond doubt... that we are living in Chelm.

Instead, and presumably at great expense, we have the Olympics

SULLYING THE DEAD

To the Editor of The Jerusalem Post Sir, - Never in my life was I so ashamed as when I heard and saw Meir Kahane on TV on July 24.

When my family and I were in a concentration camp in Germany, the Nazis could not debate us because we were proud to be Jews. When they killed my mother and other members of my family, we knew that in order to save our children and live a human life worthy of Jews we had to come to Eretz Yisrael and we did so in 1945.

Not only does his display of pathological hate bring shame on us in relation to our Arab neighbours, it also besmirches the memory of the martyrs of the Holocaust. Did they die, that the same hate, racism and inhumanity which killed them should be perpetuated by a so-called Jew in our Knesset?

JUDITH SOMOGYI
 Kiryat Bialik.

PRISONERS' CIVIL RIGHTS

To the Editor of The Jerusalem Post Sir, - During the recent election campaign, regret was voiced, even by responsible people, that the inmates of prisons were denied their right to vote for the Knesset.

In the Austro-Hungarian Monarchy (and subsequently in the newly independent national states, including Masaryk's democratic Czechoslovakia), the courts were entitled, subsequent to most criminal convictions, to impose upon the accused - in addition to the prison sentence - a suspension of civil rights, such as the right to vote or to be elected to parliament or municipal councils for a certain period (which was always longer than the prison term), and in some cases forever. Unless I am

mistaken, the same power was vested in the judges of France, Italy and the Weimar Republic.

"Historical" reasons dictated the provision in the Knesset Members' Immunity Law that prisoners elected to the Knesset be forthwith released upon election. These reasons no longer exist and can be abused. It seems, therefore, that this provision is due for review. At the same time, an amendment to the penal code should be enacted, so as to enable our judges to impose, in suitable cases, the additional punishment of "suspension of the prisoner's civil rights."

HANS MEIR NATH
 Haifa.

FACING REALITY

To the Editor of The Jerusalem Post Sir, - I take issue with Rabbi Peli's illustration of his point with the story of his visit to a Connecticut congregation "Facing reality - Torah Today," July 27. I think we must differentiate between Jews, and Jews who have made the commitment to live in Eretz Yisrael. The Torah portion is addressed to those of us living here to accept the land for what it is, with all of its shortcomings, and to capitalize on all of its potential blessings to make it habitable.

Jews who have elected to live in the Diaspora cannot possibly see the

land as it is, but will always view it through either rose-coloured or smoked glasses. We, who have chosen to live here do not have the right to attempt to share with our fellow Jews around the world the burden of seeing the land in all its nakedness. It is, and will always be, the burden and the joy of Jews living here in Israel to see the land for what it really is.

ALFRED LAND
 Upper Nazareth.

ZIONIST IDEALS

To the Editor of The Jerusalem Post Sir, - As an American immigrant, I would like to invite Messrs. Zelman, Seliger and Gold, and Mr. Goldwater and Rudner, to make aliya and to help implement from within the Zionist ideals of "justice, humanity and peace" (Letters to the Editor - July 19). I agree with the content of their letter and urge them to realize that we need as many people as possible here, and not in New York, to translate those words into action.

JUDITH FOGEL
 Jerusalem.

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